The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

British Withdrawal, Japanese Demands and U.S. Naval Power in the Pacific

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SATURDAY, OCTOBER 5, 1935 VOLUME 74, NUMBER 5

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Demand selling rate on London:	£1.0 0=Sh. $12 97
Demand buying rate on London:	£1.0.0=Sh $12 71

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October 2, 1935
Stock Exchange — Business Done
Total Volume: 1,420 000 Shares

1934-35 High	Low	Div. $ per sh.	STOCKS	Last Sale Sept. 30	Oct. 1
11⅞	4⅝	—	Adams Express	7⅞	7⅞
146	90¼	4 00	American Can	141½	141½
24⅞	14⅝	0.40	Amer. Cyanamid "B"	23½	23⅞
13¾	2	—	American & For. Power	6¼	5⅝
41	11¾	—	American & Foreign Pwr $7 pref	32	31
18½	10	—	American Radiator & S.S	17	16⅞
144¾	99¼	9 00	American Tel. & Tel	140	138½
105	67	5 00	American Tobacco "B"	104	104
27⅝	7¼	—	American Waterworks	16¼	15⅝
21⅝	8	—	Anaconda Copper	20¼	19½
73⅝	36⅝	2 00	Atchison, T. & S Fe	48¾	46¼
57⅞	15	—	Auburn	37	38½
24½	7⅞	—	Baltimore & Ohio	15⅝	15
49½	22½	—	Bethlehem Steel	38	37⅝
15⅞	8⅛	—	Boeing Airplane Co.	13¾	12¾
57½	16⅝	1 50	Borg Warner	57½	56⅞
18¼	9½	—	Canadian Pacific Railway	9½	9⅝
88⅝	35	—	Case, J I.	79½	78¼
54⅞	23	1 00	Caterpillar Tr	52⅝	52½
40⅜	15⅞	1 40	Chase National Bank	30	29⅝
49⅞	34	3 00	Chesapeake Corp	45	45¼
48⅝	37⅛	2 80	Chesapeake & Ohio	45¼	44⅞
78	29¼	1 00	Chrysler	72¾	71⅝
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3⅝	0⅝	—	Commonwealth & Southern (ord)	1⅝	1⅝
47⅝	16¼	1 00	Consolidated Gas of N Y	27⅜	27⅜
14¼	6¼	0 25	Consolidated Oil	7⅞	7⅝
28	15⅛	0 25	Contin ntal Oil	19¾	19¾
84¼	55¼	3 00	Corn Products	62½	61
32¾	14⅞	0 75	Douglas Aircraft	30½	30¼
134	80	3 60	Du Pont de Nemours	128¾	126
28⅛	3⅝	—	Electric Bond & Share	12⅝	11¼
34⅝	16⅞	0 80	General Electric	33¼	33¼
37¼	28	1.80	General Foods	32⅞	32½
46½	24⅝	2.00	General Motors	46⅝	46¼
45⅝	13¾	1 00	General Railway Signal	33	33
23	14½	1 20	Gold Dust	16⅜	16½
41⅜	16	—	Goodyear Tire & Rubber	18¼	17⅝
60⅝	33¼	1 00	Humble Oil	53	52¾
31½	21	0 80	International Nickel	30¼	30¼
17⅜	5⅝	—	International Tel & Tel	9¾	9½
77	39	0.25	Johns Manville	75	75
25¾	14	0 60	Kennecott	24⅝	24½
44⅝	20⅝	2 00	Loew's Inc	44	43½
26	15¾	1 20	Lorillard	25½	25¼
82⅞	39	1 00	Monsanto Chemical	82⅞	82
37	20	—	Montgomery Ward	32¾	32¼
43	16⅞	1 00	National City Bank	28⅝	27⅞
18¾	13	1 20	National Dairy Prods	16¾	16⅝
31⅜	16	2 60	National Distillers	30	29⅜
15½	5	0 80	National Power & Lt	9½	9¼
45¼	12¼	—	New York Central	24¼	23
25¼	9½	1 00	North American	19¾	19¼
28½	12⅝	1 50	Pacific Gas & Electric	26¼	26¼
44½	19	2 40	Pacific Lighting	41¼	41¾
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84⅝	51½	2 00	Penney, J C	82¾	82
39½	17¼	1 00	Pennsylvania Railroad	27¼	26⅝
29½	13	1.00	Phillips Petroleum	28¼	28½
45	20⅝	2.40	Public Serv. of N J	40⅝	40¾
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33⅜	13	—	Southern Pacific	18½	17¾
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50⅛	35¾	1 00	Standard Oil Co of N J	43	42⅝
67⅛	47¼	3 80	Sterling Products	64½	63⅞
43¼	29	2 00	Texas Gulf Sulphur	31⅜	32⅝
8½	5	0 30	Transamerica	7¾	7⅞
69	35⅞	1 60	Union Carbide & Carbon	67⅝	67⅜
138⅞	83½	6 00	Union Pacific	99⅞	98¼
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59⅞	27⅞	—	U S Steel	45	44⅝
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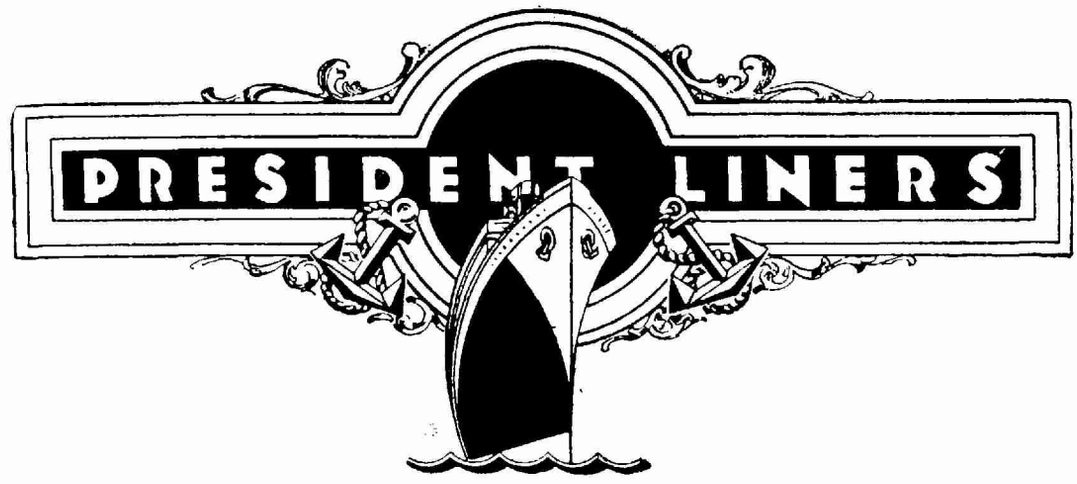

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THE JAPANESE DEMANDS ON THE INTERNATIONAL SETTLEMENT

THE Shanghai International Settlement was established about three-quarters of a century ago by the British and the British still control it. Other nationalities have entered the Settlement, purchased property and joined in the life of the port, and in some instances have been permitted to participate to a minor extent in the local administration. Before the World War the British permitted the Germans and Russians to have a hand in the administration, but after the war the Germans and Russians were dropped and the Americans and Japanese substituted. After the Chinese, who now outnumber all foreigners at the rate of about 100 to 1, had nearly torn up the place in 1925 the British agreed to permit the Chinese to have a voice in the local administration. But the British still control, the present composition of the Municipal Council being Britons 5, Chinese 5, Americans 2, Japanese 2. But the membership on the Council does not give a correct idea of the extent of British control which is best exemplified in the salaried employes of the local goverment, all departments being fully staffed by Britons who receive salaries, travel expenses and retirement allowances which generally are higher than the salaries received by the highest government officials in either China of Japan.

In the midst of the Japanese intervention in the Chapei section of the Chinese municipality which surrounds the International Settlement, early in 1932, one of the executives of the public works department of the Settlement remarked to the writer, "My sympathies are with the Chinese, but I hope the Japanese win out." That apparently contradictory statement was inspired by a feeling that prevailed at the time that if the Chinese were successful in driving out the Japanese invaders that the Chinese would be so buoyed up with their success they would not stop short of the complete elimination of all foreigners. This probably was an extreme point of view because the Chinese always have utilized the advice and services of foreign experts, but the worries of the foreign die-hards were not justified. The Japanese finally brought an army of nearly 100,000 men here and forced the Chinese troops to evacuate. The die-hards heaved a sigh of relief and some

of them on their vacations home following the liquidation of the Shanghai "war" made speeches before hometown Rotary clubs and chambers of commerce wherein they declared that the Japanese army had "saved Shanghai."

But the die-hards are significantly silent now. The British government sorely harassed by developments in the Mediterranean and northern Africa, has been compelled to withdraw considerable of its naval forces from the China coast and no longer does the familiar British first-class cruiser float at anchor in the Whangpoo river, almost directly in front of the Shanghai Club wherein most of Shanghai's taipans foregather for a tiffin cocktail or gin and bitters and discuss the "situation." The large vacant space in the Whangpoo between the British naval buoys is emblematic of the vacant feeling which exists in the pits of the stomachs of the die-hards who thanked God for the Japanese troops three short years ago. Because the Japanese hardly waited for the outbreak of the Ethiopian trouble and the withdrawal of European naval forces from the China coast to launch one of the bitterest and dirtiest press attacks ever launched in this international community. In many respects the Japanese propaganda attack on the British was reminiscent of a similar attack which the Japanese launched on the Allies during the world war when the Japanese thought the Germans were going to win. In the present instance the Japanese left nothing unsaid in calling attention to the weak spots in the local British (International) administration. The accusing finger was pointed at the exorbitant salaries, recently increased, at a time when most businesses are facing bankruptcy and salaries of commercial and professional men have been cut to bare living expenses. The Japanese fired all of their propaganda guns and loosed all of their stink-bombs filled with accumulated hatred of the white man (particularly the Briton) and his works at the mouth of the Yangtsze. The propaganda also exposed, what practically everybody had long suspected, that it was the Japanese who really instigated the talk about creating a "free city" or "neutral zone" at the mouth of the Yangtsze following the evacuation of the Japanese troops in the summer of 1932.

That some of the Japanese criticism of the administration of the International Settlement was justified, goes without saying, but the same cannot be said about either the methods employed or the motives involved. The Japanese have no sincere desire to improve the administration of China's chief port. Their attacks on the administration made no mention of any of the Settlement's chief defects—its almost complete lack of social consciousness; failure to enforce factory legislation; failure to provide free education for all children, regardless of nationality; complete failure to even investigate the problem of housing for the poor and elimination of the worst tenement situation of any large city in the world; general inefficiency of traffic control and failure to adopt any comprehensive plan of street widening; complete failure to provide parks or "breathing-space" in the congested sections of the city; and finally the Council's policy of charging admission to public parks which has had the effect of barring them to the masses of the population. The Japanese made no mention of these glaring defects in the administration of the Settlement but concentrated their drive on phases of the administration which they regarded as advantageous in discrediting British control. What the Japanese want is a controlling voice in the Settlement and their attack on the administration constituted a threat which may or may not prove significant as time passes. While the Japanese community outnumbers the other foreign groups here, with the possible exception of Russian emigrees, this does not mean that the Japanese community possesses the greatest material interest in the port. Based on taxation returns the Chinese property interest and tax payments overshadow all others. Next come the British, followed by the Americans, with the Japanese in fourth position. The fact that the Japanese population has greatly increased here is a matter of no possible significance, as a visit to the Hongkew section where the Japanese are concentrated, will disclose. The increase has largely been in "floating" population while the widely advertised increase in commercial establishments has largely been in bars and cabarets of the "beer-hall" type familiar to visitors to the large cities of Japan. The establishment of large numbers of so-called "bazaars" selling cheap goods, somewhat resembling the American 5 and 10-cent stores, has not been commercially successful as recent reports of losses of such companies have diclosed. The Japanese do possess an important cotton mill installation here, but according to recent statements of T. Funatsu, director of the Japanese Cotton Mill-owners Association, there is to be no further increase of cotton mills here and there may even be a curtailment in favor of further expansion at Tsingtao and Tientsin. Therefore there is no justification on either population or commercial grounds for any increase in the Japanese participation in the administration of the International Settlement. But this does not mean that there is no possibility of Japanese military seizure of the Settlement arbitrarily as the Japanese warlords tried to do with the Chinese-controlled Chapei section early in 1932. Aside from the Japanese threat of military seizure, generally recognized as an ever-present menace, the only other danger is involved in the possibility of the Controllers of the Settlement, that is, the British, becoming panicky and capitulating to Japanese pressure. Since Shanghai is China's chief metropolis, is overwhelmingly Chinese in population and commercial interest, the Chinese are the logical heirs of the foreign settlements. This has been the prevailing idea since the establishment of foreign residential ideas in China and a policy which has generally been followed in the gradual relinquishment of these areas since the Washington Conference in 1921-1922. But the Japanese are not interested in any program of relinquishment; on the contrary their chief interest is in acquisition of more territory to the end that all China may be converted into a colonial dependency of Imperial Japan.

EFFECT OF WITHDRAWAL OF BRITISH FORCES FROM CHINA

ALTHOUGH still mentioned in whispers around the hotel and club lobbies it is no longer a secret that Britain's naval forces are rapidly being withdrawn from the China coast. Last Sunday the *North China Daily News* published a five-line item at the bottom of Page 1 telling of the withdrawal of two more submarines from Hongkong to Singapore. On Monday there was a report of the withdrawal of several more, together with the submarine tender, *Medway* from Weihaiwei, the destination also being Singapore. Previously little or nothing was said publicly about the silent withdrawal of British warcraft southward and once, several days ago when denials of the withdrawal of certain cruisers were being issued locally, there came a dispatch from Singapore announcing the actual arrival of the ships at that port. British naval power is being withdrawn from the China coast and there is no telling when it will return and what is true of Britain also applies to France and other European powers. Mr. Mussolini, who created considerable commotion in aviation circles in China a few months ago, has been compelled to recall most of his aviators for service in Africa. No one can forecast what is likely to happen in Europe and Africa in the next few weeks and months, but regardless of what does happen, there is no disputing what has happened in the Far East. With Europe an armed camp and statesmen of all nations feverishly engaged in choosing partners for the next war, there can be no questioning the fact of Europe's withdrawal from China, that is, withdrawal of military force.

The general knowledge of the significance of this withdrawal is evident in the statements one hears on all sides, most of which statements begin with "IF." "If Italy weakens her forces on the Austrian front, Germany will invade and annex Austria and that will cause France and Russia to move!" "If Britain and Italy fight, the war will spread!" "If France would support Britain, the two nations could suppress Mussolini and then with the help of Russia they could take care of Hitler!" "If," and "if" and "if." But there can be no "if" involved in the certainty of early trouble in Europe and that this means a withdrawal of European forces from Eastern Asia. And, to carry the thought still further, European withdrawal means a consequent and proportionate strengthening of Japanese military strength. When the European Powers refused to take "collective" action with the United States against Japan in Manchuria in 1931, they established a precedent for condoning treaty violation which has now grown into a major crisis. How ridiculous to talk of collective action now against Italy. Sir John Simon and other European statesmen were not seriously concerned with the prevention of war in Asia in 1931 because war in Asia did not immediately concern them. As a matter of fact they secretly felt relieved that Japan and invaded Chinese territory for that would lessen the pressure on other quarters. Mussolini is now receiving credit for lighting the powder-fuse, but future historians probably will select the night of September 18, 1931 and Mukden as the date and place where the second world war started.

The withdrawal of European force from the China coast leaves only two Powers in a position to restrain Japan—the United States and the Soviet Union. But the Soviet Union is not entirely unrestricted because of the danger on its European frontier which necessitaties the keeping of a large force on that sector. Japan's present activities in North China and plans for early military moves in that area and Inner Mongolia are timed to take advantage of expected developments in Europe. The declaration of Major-General Hayao Tada, commander of Japanese forces in North China of Japan's intention to create a new political administration in the North which would embrace Hopei, Shantung, Shansi, Chahar and Suiyuan, plus, the announcement of a new four-point policy toward China by the Tokyo government indicate Japan's intentions in the immediate future.

We might include a paragraph here expressing the hope that Japan's new responsibilities would cause the nation to temper its relations with other nations with discretion and that friendship and cooperation would be more satisfactory than the use of force. But there is no longer any use trying to hide actualities. Japan is taking advantage of world conditions to build up her power in Asia and she is going about it in good old last century imperialistic fashion. Anything which gets in the way of the Imperial Japanese army will be swept away, if it happens to be weaker than the Japanese army.

But what of the United States?

On September 25 the Navy Department issued orders to all private and governmental navy yards to speed up work on naval construction, the government agreeing to defray expenses for overtime work. Two new submarines scheduled for completion in 27 months will be finished in 14 months. President Roosevelt issued a proclamation giving a list of articles regarded as war contraband under the new neutrality law recently passed by Congress. While European nations are talking at Geneva about methods of preventing war in Africa the United States is taking actual steps to keep itself from becoming involved in the coming struggle. If other nations followed a similar procedure there would be no war. A few days ago the Japanese stock market boomed on the prospects of war in Africa and the Japanese newspapers publish daily estimates and forecasts of the great wealth and power that will come to Japan when Europe commits suicide by engaging in another war.

But President Roosevelt is the enigma of the present situation. He announced a few days ago that American naval policy will remain what it has been and only a failure to renew international naval treaties will cause the policy of the United States to change. What is present American naval policy? To build the U. S. Fleet up to the status set by the Washington Conference treaties as quickly as possible. Roosevelt declared that even

if the Washington Conference naval treaties are not renewed, the United States would not change its present policy unless other nations exceeded the building limits of the said treaties. At the present rate of construction the American navy will be at full treaty strength, that is, fully equal to that of Great Britain, by 1942. Under the stress of necessity that time could be cut down tremendously. Most American are convinced that there is little danger of American involvment in another European war because of the bitter lessons learned in the last one. But the situation in the Pacific is an entirely different matter. It is here that the danger lies, hence it is not unusual that the American papers are beginning to publish editorials about the dangers involved "should Japan become supreme in the Pacific." The usually well informed Washington correspondent of the *New Republic* published on Sept. 4 the following speculation about Roosevelt's inclinations with respect to the Far East:

> "Nominally, his policy toward war is contained in the statement made by Norman H. Davis on May 21, 1933, at Geneva, that this country would do nothing to nullify action taken by other states against an aggressor in the event we agreed that the aggressor was in fact guilty. While that statement does not mean our involvement in a European war, it is obviously no pledge against it. But there is doubt that it any longer represents Mr. Roosevelt's position. From what I have been able to learn, in his thinking Mr. Roosevelt has passed far beyond the problems now troubling the Senate group. He is unconcerned about war in Europe, and immensely worried about the Far East. During the Manchurian invasion, he was caustically critical of the moralistic note-writing of Hoover and Stimson, although it should be said that, on the basis of a common dislike of Hoover, he and Stimson cemented a beautiful friendship. Whether consciously or not, in his own administration he has followed the earlier Roosevelt's policy of walking softly and carrying a big battleship. Only once has he tried to bluff —when Japan, about a year ago, violated the principle of the Open Door—and when the bluff failed to work, he hastily dropped it. Meantime he has carried out his gigantic naval and air building program. If a European war comes, it is inconceivable that Japan will not move on China. The experts believe, and I think it is safe to say Mr. Roosevelt believes with them, that the question of what part we are to play in a European war will not arise. Our attention will at once be riveted upon Asia, where we shall have to decide what we want to do when Japan seizes the trade of the international settlement at Shanghai. Will California and Washington, home states of Senators Johnson and Bone, be as stoutly pacifist about Japan as they now are about Italy? We cannot reasonably hope that a European war will be postponed beyond 1940, which means that it will be in the power of Mr. Roosevelt, if reëlected, more than in that of any other man, to decide war and peace. All we really know of his pacifism is that no President has ever been so boyishly enthusiastic about the Navy. He likes boats."

Why the United States Is Maintaining Its Full Naval Strength in the Pacific

ACCORDING to the September number of *The Chinese Recorder*, leading journal of Christian missionary workers in China, the American community in Chengtu, capital of Szechuan, has written a letter to the U.S. Government, protesting against the rapid increase in war equipment on the part of the United States and the consequent aggravation of the war spirit involved.

The editor of *The Recorder* expressed the opinion that other American communities in China might take similar action and also send letters to Washington protesting against the development of armament by the United States. Whether other communities in China have followed the Chengtu precedent is not known. It was reported sometime ago that several groups of Americans in Japan had protested against the maneuvers conducted in the North Pacific by the U.S. Navy last summer and it is presumed that these protests also included resolutions against an increase in the American military forces. It should be explained in this connection that the resolutions sent to Washington by the Americans in Japan, and also the one from Chengtu, were drafted by groups predominantly interested in professional missionary work, but this does not imply that many laymen may not entertain similar views. However the writer would hazard a guess that it would be quite difficult to obtain agreement to such a resolution in the mixed American community in Shanghai or any other Asiatic port. As a matter of fact, a well known American preacher who spent considerable time in the Far East early this year told the writer that many leading American missionaries in North China approved of the building up of the American fleet to full treaty status as quickly as possible. Sometime ago the writer attended an informal meeting of Americans in Shanghai, including business and professional men, as well as missionaries, where there was a general discussion of politics in the Pacific, and while no vote was taken on specific matters, it seemed that majority sentiment favored a strong American naval policy in the Pacific.

The subject of American armament was introduced in *The Recorder* in connection with a general discussion pertaining to conscientious objectors, this matter also having apparently become a live issue in China due to the introduction of compulsory military training in all governmental and private schools and conscription of all able-bodied men for military and other public works in some of the southern provinces. In this connection, the editor of *The Recorder* stated that Chinese Christians are as likely to stand up for their scruples as others when they understand the bearing of their Christian loyalty thereon. He also referred to a statement of a Christian in North China who declared that Christians in that area were prepared to sacrifice their lives, if need be, in combatting the Japanese opium and narcotic traffic in Manchuria and North China.

But the writer was especially interested in the letter which the American missionary community in Chengtu, Szechuan, was said to have sent to

Washington, protesting against the rapid increase in American war equipment. It would be interesting to know the real inspiration for the letter, whether stimulated by non-American interests, or whether it was inspired by pure idealism. There seems to be a strong propaganda springing up in various quarters of the world against the American naval construction program in the Pacific. The last issue of the magazine, *Pacific Affairs*, organ of the Institute of Pacific Relations, had an article by Mr. F. W. Eggleston of Melbourne, formerly Attorney-General and Minister of Railway of the State of Victoria, Australia, in which he argued that the Americans were largely responsible for the piling up of armament in the Pacific and declared that if America would reduce its fleet, Britain and Japan could then also reduce their naval equipment. Mr. Eggleston also argued that it was futile for America or England acting individually or in unison to coerce Japan or help in the rehabilitation of China. Therefore, China should be left to her own devices (Japanese control) and everybody should agree to the Japanese demand for naval "equality." This statement by Mr. Eggleston rather let the cat out of the bag because the Japanese in the past two or three years have expended millions of yen about the world, but particularly in the Australian area, in the propagation of Japanese "culture," the object being to convince the world that Japan's Asiatic program was founded on the highest tenets of idealism, rather than on crass militarism, imperialism and the materialistic exploitation of the Chinese and other less fortunate Asiatic peoples. Recently, Sir Frank Clarke, president of the Australian Legislative Council at Melbourne, in the course of an address welcoming a Japanese "ambassador of good-will" to Australia, declared that Australians wished Japan well so long as Japan confined her expansion to the north and west *but not towards the south.*

The writer recognizes that it is extremely difficult to make a clear-cut decision on many of these important issues, but from a general standpoint any move, particularly by Americans, to condone Japan's recent acts of treaty violation can have no other effect than to strengthen the military clique which has dominated Japanese politics since the beginning of the Manchurian adventure in 1931. It would be possible to fill many columns of *The China Weeky Review* with authoritative statements from Japanese military leaders, indicating their intention to establish a military-fascist dictatorship over Asia as a preliminary step toward world conquest. But it is unnecessary to quote these statements because the actions of Japan's warlords in Manchuria, at Shanghai and in North China stand as evidence of their ultimate objectives, not only in Asia, but elsewhere in the world as soon as they have sufficient power.

No one can dispute the fact that the United States took the lead in urging limitation of naval armament following the World War. The Allied and Associated Powers emerged from the World War with a serious armament burden, the maintenance of which placed a heavy taxation handicap on industry which was trying to readjust itself to peacetime conditions. In addition, there were threatened rivalries in various quarters among those who had been associated in the war: between America and Japan in the Pacific; and between Britain, France and Italy in the Atlantic and Mediterranean spheres. All of these matters were mentioned in the invitation which President Harding issued on Aug. 11, 1921, to the other powers to attend the Conference on Limitation of Armament and Far Eastern questions which met in the American capital late that year. But it was generally recognized—and this is an important point to keep in mind—that there could be no permanent reduction of armament without attempting at the same time to eliminate or adjust the causes which made armament necessary. It was this realization which caused President Harding and Secretary of State Charles E. Hughes to include in the invitation to the Arms Conference a number of other nations which were interested in what had come to be known as Far Eastern Questions, most of which concerned the welfare of the Chinese people and their country. It was this circumstance which caused China to be invited to participate in the Washington Conference on a footing of complete equality with the major powers which were concerned primarily with the limitation of armament.

China was given complete freedom at the Conference to air her grievances and as a result of the friendly atmosphere which prevailed at Washington, agreements were reached in the solution of Far Eastern problems to such an extent that it was found possible to make drastic reductions in naval armament. Most of these agreements concerning the Far East were centered in the so-called Nine-Power Treaty which guaranteed the political, administrative and territorial integrity of the Chinese Republic. Actually there was little new in the Nine-Power Treaty except that it brought together into legal form the various declarations of the different nations over a great number of years pertaining to the Open Door of equal opportunity in connection with commercial enterprises in China. Practically everything else agreed upon at the Washington Conference concerning arms limitation hinged on the successful working out of a New Deal with respect to China. In other words, it was necessary to give China a Charter of Freedom and provide machinery for the peaceful adjustment of disputes concerned with old rivalries of the Powers in Asia.

An important point to be kept in mind with regard to the Washington Conference was its voluntary nature. It was no conference of victors and vanquished. It was a voluntary meeting of free and equal states called for the purpose of adjusting their differences in China and the Pacific. There was no military compulsion and the nations which participated did so voluntarily and supposedly authorized the signatures of their delegates in good faith. It was on this basis that the Powers agreed to scrap numerous war vessels already in commission and to discontinue work on others upon which vast sums already had been expended.

The most important part of the Nine-Power Treaty, signed by America, Japan, Britain, Belgium, Netherlands, France, Italy, Portugal and China, was the declaration of principles pertaining to China:

Article I—The Contracting Powers (other than China) agree:

1. To respect the sovereignty, the independence and the territorial and administrative integrity of China;

2. To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government;

3. To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China;

4. To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states, and from countenancing action inimical to the security of such states.

Article II—The Contracting Powers agree not to enter into any treaty, agreement, arrangement, or understanding, either with one another, or individually or collectively, with any Power, or Powers, which would infringe or impair the principles stated in Article I.

It is only necessary to read these principles and compare them with what Japan has done since 1931 in order to understand why the nations concerned with affairs in and about the Pacific are beginning to again look about their military defenses. In addition to her wholesale violation of the Nine-Power Treaty, the Japanese have now gone the whole way and denounced the entire arms agreement, at the same time demanding complete naval equality with the United States and Great Britain under such conditions as would entirely eliminate these two Powers from further influence in Asia. In order to clinch the bargain, the Japanese government in April last year issued a declaration, which, if enforced, would place Imperial Japan in complete monopolistic and economic control of Asia under a military dictatorship camouflaged as a "Monroe Doctrine" but bearing little actual resemblance to the well known American policy.

It was the break-down of the Washington Conference agreements that was responsible for the decision of the American Government to build its fleet up to full treaty strength. In this connection, it should be explained that the naval agreements reached at Washington Conference provided for naval ratios represented by the figures 5:5:3, meaning that the fleets of America and Britain represented by the figure "5" should be equal, while Japan's naval strength was represented by the figure "3." America's error in the years immediately following the Conference was in her failure to maintain even the treaty status for her navy, to which America's delegates had agreed at the Conference. All through the Coolidge and Hoover administrations, the United States laid down no important new naval craft and many of the ships in commission were permitted to deteriorate. Only in military aviation, which was not discussed at the Washington, Conference, did the United States keep abreast of contruction by the other Powers. As a result of the influence of the Washington Conference treaties and the false security created in the minds of the American people by the disarmament discussions and propaganda which accompanied the innumerable conferences on world peace held in various parts of the United States, the American fleet was permitted to deteriorate to a point where the quotas mentioned in the treaty were reversed, the actual status at the begining of the present Roosevelt administration being: Britain, 5; Japan, 3; America, 2. This was brought about by the circumstance that both Britain and Japan continued to build and keep their naval forces up to treaty strength while the Americans permitted their fleet to deteriorate.

I suggest as a reasonable proposition for thoughtful Americans in this part of the world that there should be no reckless destruction of our naval strength without a corresponding effort at removal of the underlying causes which make naval power necessary. I also make the statement that any reckless crippling of American naval strength in the Pacific at this time would not be conducive toward peace, but, on the contrary, would merely postpone for a short time the day of reckoning which must come eventually so long as the fundamental reasons for discord among occidental and oriental peoples are permitted to exist.

The American people, through their participation in the World War and ensuing peace and efforts in behalf of arms limitation at the Washington Conference and since, have demonstrated in practical fashion that they are interested in the creation of machinery for the peaceful adjustment of international differences. Their recent decision to voluntarily grant freedom to the Filipinos and to regularize relations with Cuba have further demonstrated America's lack of territorial ambition in this or other parts of the world.

It seems to me that there can be no half way measures on this vital issue. We either create through international agreement the machinery for peaceful adjustment of differences in the region of the Pacific and stick by our pledged word—or we take the other course of arming in self-defense. Now the tendency is in the direction of arming for self-defense, somewhat as a community at home might do if warned that "Public Enemy No. 1" was in the vicinity. Also, it should be stated that America is not alone in this action. Great Britain reserved the strategic Singapore naval base from the non-fortification provisions of the Washington treaties and has now practically completed that formidable defense organ in the South Pacific, probably the most powerful naval and air base in the world. The Netherlands authorities have

also strengthened their fortifications and naval defense units in the East Indies and even Portugal has purchased some new destroyers to be stationed at Macao. It is unnecessary to outline in detail Japan's warlike moves in the Western Pacific since 1931, not the least being the alleged construction of submarine bases in the Mandated Islands which are within striking distance of steamship lines between the U.S. and Canadian west coasts and the Far East.

It is admitted that the concentration of the combined U. S. fleet in the Pacific and the holding of practice maneuvers in areas likely to be the theaters of future conflict may appear provocative in certain quarters, but on the other hand, it might be well to remember that it was the fortification of the Siberian border by the Russians that prevented Japan's seizure of the Russian Maritime and Amur Provinces following the occupation of Manchuria in 1931. Japan's plan to seize that section of Russian territory in order to "round out" her Manchurian Empire was an open secret and would have been put into effect, had the Russians not armed in self-defense. There are many Americans, familiar through long contact with political developments in the Far East, who are convinced that Japan would never have dared violate the Nine-Power Treaty and seize the Manchurian provinces in 1931, had the American fleet been kept up to full treaty status and a considerable portion of the Navy been stationed in the Pacific sector as it at the present time.

In view of this evidence, the need of a powerful full-treaty-status navy in the Pacific should be self-evident to all thoughtful Americans in this part of the world. This does not mean that the Americans are opposed to arms limitation as certain groups apparently have been led to believe. It merely means that the American government has adopted self-protective measures in an area of the world which is now seriously disturbed and that these protective measures will be continued in force until such time as the nations about the Pacific but particularly Japan decide to return to normal relations as governed by recognized treaties. While Americans who reside in the Far East do not have the right to vote in local and national elections in their home-land, they do, nevertheless, have a great opportunity in exerting influence upon their home political leaders because of their first-hand information about developments in this disturbed quarter of the globe. But this obviously also entails great responsibilities and the necessity for serious and considered action.

J. B. P.

T. T. Li, Director of Bureau of Intelligence, Returns from Japan

Dr. T. T. Ti, Director of the Bureau of Intelligence and Publicity of the Nanking Ministry of Foreign Affairs, who had been in Japan since Sept. 2, passed through Shanghai this week on his return to Nanking. Immediately upon his return to Nanking Dr. Li called on Messrs. Hsu Mo and Tang Yu-jen, vice-Ministers of Foreign Affairs, and later in the evening on Wang Ching-wei, President of the Executive Yuan, to report on his trip to Japan. During his stay in Japan Mr. Li interviewed a number of high officials of the Gaimusho, including Koki Hirota, Foreign Minister, and Eiji Amau, Director of the Bureau of Intelligence and Information of the Foreign Office.

Dr. Li during his tour in the Island Empire was greatly interested in the Japanese press service. He said he was accorded every courtesy by the Japanese press circles who expressed the hope that Chinese members of the fourth estate would be able to make a brief visit to Japan.

Interviewed at Nagasaki, Dr. Li stated: "I have gained much from my interviews with leaders in military, diplomatic and press circles and believe that my trip to Japan was very profitable." While both the people and the government of Japan as well as those of China desire Sino-Japanese co-operation, we Chinese are convinced that the principle of equality and a spirit of mutual concession will have to be followed. Then we shall be glad to discuss questions with sincerity," he added.

In an interview on his arrival here Sunday, the publicity director said that he was deeply impressed with the enthusiasm shown by the people throughout Japan in studying and trying to know more and more about the conditions in China. People in this country, Dr. Li deplored, have none of this spirit to reciprocate.

Chiang Tso-ping to Return from Japan This Month

General Chiang Tso-ping, Chinese Ambassador to Japan, is expected to return to Nanking during the middle of this month to attend the sixth plenary session of the Central Executive Committee of the Kuomintang.

Minister at Berlin Transferred to Vienna; Charge d'Affaires Recalled to Nanking

The Foreign Office at Nanking announced Sept. 27 that Liu Chung-chieh, Chinese Minister in Berlin, has been transferred to Vienna, and that Tung Teh-chien, Chinese Charge d'Affaires in Vienna, has been recalled to Nanking.

Loving Cup Presented to Dr. Alfred Sze

Dr. Alfred Sze, Chinese Ambassador to Washington, was presented with a loving cup from the Chinese community in Washington, Sept. 29, in commemoration of his promotion from the rank of Minister to that of Ambassador.

Chinese Consul at Kobe Arrives in Nanking

Wang Hwa-pen, Chinese Consul in Kobe, Japan, who recently returned to China on furlough, arrived in Nanking from Shanghai Sept. 28. Shortly after arrival Mr. Wang called at the Ministry of Foreign Affairs to submit a report on the consular affairs in Kobe.

THE GIST OF JAPANESE PRESS OPINION

How far China is sincere in dealing with Japan is undoubtedly a question, but the fact is nevertheless indisputable that the Sino-Japanese situation is gradually improving. In view of the position that Japan occupies now in the Far East, she must be expected to be patient towards China.—*Tokyo Jiji.*

In order to safeguard India, Britain has to hold supremacy in the Mediterranean Sea, which, however, the present Italian policy seriously menaces. While it is a question if the struation will soon culminate in hostilities, it is evident that there is a strain in Anglo-Italian relations.—*Tokyo Yomiuri.*

The Egyptian Government is reported to have informally decided to levy a 40% ad valorem duty on cotton tissues and rayon from Japan. Certainly it is deplorable to think that such an arbitrary measure was preferred in the face of the existing treaty. The Egyptian Government's reconsideration is imperative.—*Tokyo Nichi Nichi.*

Stimulated unusually by the anticipated outbreak of hostilities between Italy and Ethiopia, the stock market in Japan shows now a remarkably brisk tone. Whether this is normal or not is problematical, however, there is little possibility of such warfare affecting as far as the Far East.—*Tokyo Kokumin.*

Dr. Minobe having offered to resign his Upper House membership, the judicial authorities have agreed on postponement of his indictment. This may be regarded as marking a happy end of the whole trouble. Some people seem wanting to politicize the question still further, but they should know better.—*Tokyo Jiji.*

It appears that the Minobe Theory question had better be left as it stands, now that the judicial authorities have announced their decision. To demand some further step notwithstanding the announcement already made may be going beyond the bounds of necessity and must be regarded as too hard on the Ministry.—*Tokyo Miyako.*

If any nation takes more interest in exposing other nations' vices than in seeing their good points, the result must be her own degeneralion. As it is with nations, so it is with individuals. It is noteworthy that many policemen in Tokyo of late have been rewarded for outstanding service.—*Tokyo Jiji.*

The general attitude of the accused involved in the Blood League, Teikoku Rayon and other sensational cases before the Law Court impresses us with their apparent disregard of the sacredness of judicial rights. For this both the accused and the court authorities must be held responsible.—*Tokyo Kokumin.*

War Threatens in Inner Mongolia

The possibility of civil war and eventual independence of Inner Mongolia is visualized by military circles in Tokyo in the reports that the forces of the Suiyuan Provincial Government and the Mongolian Political Council were confronting each other in the upper reaches of the Yellow River. The dispute, which may yet result in an armed clash, arose out of the dismissal of Prince Dorlchi, head of the West Banner in Suiyuan, by Prince Yun, Chairman of the Mongolian Political Council and President of the Olanchab League, the reports said. Gen. Fu Tso-i, Chairman of the Suiyuan Provincial Government, who at first offered his services as a mediator in the controversy, has now, according to the report, thrown his weight behind Prince Dorlchi, and massed his troops. Prince Teh, the vice-chairman of the Political Council and bead of the Silingol League in Chahar, has, on the other hand, come in open support of the acion of the Council in dismissing Prince Dorlchi.

Prince Dorlchi has reportedly refused to come to the League Court in Pailingmiao and left for Paotou, where he issued a call to banner chiefs to support him against the Political Council.

The opposing chieftain may, according to the report, gain considerable support from other Mongol leaders because of their belief that the Council should not dismiss princes from their posts, these being hereditary.

Should an armed clash take place between the forces of Prince Teh and Gen. Fu, it may serve as a signal for a movement of independence in Inner Mongolia, Tokyo military circles believe.

The Hereditary System at Stake

A detailed report on the recent dismissal of Prince Dorlchi, Jassak of the Hsikung Banner of the Ulan-Tsab League, by Prince Yun, President of the League and concurrently Chairman of the Mongolian Local Autonomy Political Affairs Council, was submitted by the Council in identic telegrams to President Wang Ching-wei and General Chiang Kai-shek, In order to conform to the proper procedure for the administration of Mongolian affairs, the Council requests that the dismissal of Prince Dorlchi be approved by the Central authorities. The Council has notified Pai Yun-ti and Wu Hao-ling, members of the Council who are now at the Capital, that the 3rd plenary meeting of the Council would be held at Pailingmiao on Oct. 9. It is understood that measures for the solution of the dispute between Prince Dorlchi and Prince Yun are to be discussed then. Meanwhile, the Jassaks of the various Banners of the Ulan-Tsab and Order (Yeghe Jo) Leagues have submitted a joint petition to the Central authorities, for the preservation of the hereditary system of Jassaks in Mongolia.

The petition points out that this system has been in force for centuries, and its continuance was confirmed by the Central Political Council in 1929, by the Mongolian and Tibetan Affairs Commission in 1930, and by the recent Regulations governing local autonomy in Mongolia.

The preservation of the hereditary system among Mongolian princes and dukes, the petition continues, is absolutely necessary for the preservation of Mongolia. According to reports, however, a Mongolian Prince has been dismissed from his post and deprived of his title without the approval of the Central authorities. Should these reports prove true, the stabilizing force in Mongolia will be lost, and troubles are bound to arise, the petition adds.

Understanding Allegedly Reached Between Princes Yun and Dorlchi

A *Chekiai* dispatch from Kalgan, Sept. 30 said an understanding is reported to have been reached between Prince Dorlchi, over the dispute resulting from the latter's refusal to relinquish his rights as chief of the West Banner, and an amicable settlement of the dispute is expected to be reached in the near future. The understanding is said to be due to the good offices of Ou Chi-kwang, Assistant Director of the Peiping Office of the Mongolian and Tibet Affairs Commission, who went to Suiyuan several days previously to mediate between the two disputing Mongolian leaders, under instructions from the Central Government.

It is reported that the dispute will be finally settled upon the arrival of another special envoy from the Government, but information from Mongolian circles states that the matter will be held up until the convention of the 3rd Plenary Session of the Mongolia Political Council on Oct. 9, at which it will be brought up for discussion and settlement.

So far no actual clash between the followers of Princes Yun and Dorlchi has been reported.

Alleged Joint Soviet and Mongolian Maneuvres Denied

Moscow messages Sept. 27 categorically to refuted as devoid of any foundation, the report circulated by *Reuter* from Dairen regarding joint maneuvres, allegedly held by the peoples of the U.S.S.R. and Mongolia on the eve of the resumption of the Mongolian-Manchurian negotiations at Manchuli.

"Shanghai Nippo" on Inter-Mongolian Conflict

The *Shanghai Nippo* in an editorial this week emphasized that the contradiction between the group favoring the Nanking Government and another group opposing the Nanking Government, in Mongolia, is becoming more and more acute. "From this point of view, it is clear that insistence on the autonomy of Inner Mongolia by several authorities may lead to an increase in these contradictions. At present when the Mongolians are living under semi-barbarous conditions and under feudal control, the immediate introduction of selfrule is not wise. Therefore, the self administration of the region will be realized in the far future, just as it will take many years for them to change their mode of living," the paper said.

Japan Military Disclaims Any Association with Chinese Malcontent Groups

The headquarters of the Japanese forces in North China Oct. 1 published a disclaimer to the alleged relationships they have been reported to maintain with certain Chinese malcontent groups. The statement was issued consequent on reports spread in the demilitarized zone by certain Chinese elements that they were acting with the sanction or understanding of the Japanese military authorities in Tientsin.

"We believe it unnecessary to stress that this headquarters have no relations whatsoever with certain deposed militarists or elements which have drifted here from Manchuria, and who have recently been agitating for a Hopei autonomous government, and asserting that they were in close relations with the Japanese Army," the statement said. "While it is not within the province of these headquarters to interfere in the internal affairs of China, we cannot leave unnoticed any condition that may lead to a disturbance of the peace in the Peiping-Tientsin area to create a threat to our residents. Moreover, if there are any elements who brazenly claim false relations with the Japanese Army, we shall have to put a curb to them in the interests of the honor of the service."

The *Jiji Shimpo* stated Oct. 1 that the fundamental principle of the War Office policy is to provide means for a reasonable development of Japan in North China, to emancipate oppressed peoples in the Far East, and to give them peace and work. "Thus," the journal declared, "the honor of these peoples will be safeguarded, their independence guaranteed, their amity towards Japan established, and their political, economical, and military relations with the Japanese Empire will grow close."

Sinkiang Has Not Joined Soviets, Both China and Soviets Aver

Recent Japanese reports alleging that Sinkiang has joined the Soviet Union as the Turkestan Soviet Republic, elicited a vehement protest from General Sheng Shih-tsai, Defence Commissioner for the Sinkiang Border. In a telegraphic reply to an enquiry from Chang Yuan-fu, Director of the Tientsin Office of the Sinkiang Provincial Government, he emphatically denied the allegation, stating that it was received in Sinkiang with much surprise. Contrary to reports, telegraph communication between Tihua, provincial capital of Sinkiang, and the rest of the country is continuing without interruption. Moreover, traffic on the Sinkiang-Suiyuan Motorway is also being maintained as heretofore. General Sheng observed that the fabrication must have been inspired by some ulterior motive.

Moscow circles (according to *Tass*) qualified the report circulated by the Japanese official agency, *Shimbun Rengo* on Sept. 24 regarding the forthcoming proclamation of said Chinese province as a Soviet republic and the inclusion of the province into the U.S.S.R. as a shameless and provocative lie, devoid of any foundation whatever. Moscow surmised that the story was fabricated by those very Japanese military circles which themselves have specialized in the formation of so-called "Independent" states out of Chinese provinces and which, by this new fabrication, probably are preparing some new action against China.

A *Rengo* report from Peiping published in the *Yomiuri*, stated that Dr. W. W. Yen, Chinese ambassador to Moscow, had sent a secret long cable to General Chiang Kai-shek objecting to Chiang's pro-Japanese policy, saying that if Chiang effects friendship with Japan, Soviet Russia will adopt a policy to check it, for instance, by positively taking up sovietization of Sinkiang, etc.

50,000 Former Manchurian Troops Now in Sinkiang

Fifty thousand followers of Generals Su Ping-wen, Wang Teh-lin and Li Tu, who fled from Manchuria either into Soviet Russia, where they were interned, or into Outer Mongolia, where they were allowed free passage, have now reached Sinkiang, Japanese military quarters at Hsinking stated Oct. 1. Most men have been incorporated into the forces of Gen. Cheng Shih-tsai, who has control over the greater part of the province following the defeat of the Mohammeddan leader, Gen. Ma Chu-ying. The latter is now in Soviet Russia.

Nanking Appropriates $10,000 for Plague Prevention in Sinkiang

In accordance with an order of the National Government, the National Famine Relief Association has appropriated a sum of $10,000 to the National Health Administration for the purpose of financing the work of plague prevention in Sinkiang province. During the past few months, Sinkiang was infested with a serious plague, but it has now been suppressed.

Delegates Resume Negotiations to Settle Lake Buyer-Nor Dispute

The negotiations between the Manchukuo and Outer Mongolian delegations with a view to settling the Khalkamiao (Lake Buyer-Nor) clashes of last January were resumed in Manchuli October 1. The pouparlers, which opened on May 30 for the settlement of the dispute, were adjourned on Aug. 26, after a number of additional issues were injected into the agenda of the conference. Major among these was the Manchukuo demand for the exchange of diplomatic representatives stationed in the respective capitals, and the refusal of the Ulan Bator Government to accept this proposal. The Mongolian delegation, however, agreed on the formation of border dispute arbitration bodies stationed at various points along the boundary.

Manchukuo Railways to be Unified

Rengo states that unification of all railways in Manchukuo, which forms the crux of the policies of Yosuke Matsuoka, new President of the South Manchuria Railway Company, is imminent. According to a plan prepared by Kanji Usami, Director-General of Manchukuo State Railways, the Directorate-General will be merged with the Railway Bureau of the S.M.R., with the resulting organ being in charge of all railways. The railroads, according to the project, would be managed from regional bureaus in Dairen, Mukden, Tsitsihar, Kirin and Harbin, presently operated by the Directorate-General. In addition, a bureau will be formed to take charge of the planning and construction of new lines.

Pingchuan-Lingyuan Rail Line Completed

General traffic was inaugurated October 1 on the Lingyuan-Pingchuan section of the projected railway line linking Chinchow and Chengte, capital of Jehol, the Hsinking Communications Department announced on said date. Operation of the line has been entrusted to the South Manchuria Railway Company, which also built the new extension.

Manchurian Authorities Discriminate Against Foreign Banks

A set of new laws has been promulgated by the Ministry of Finance of the Manchukuo Government, which aims at the limitation of the business activities of the American and British banks in Manchuria.

Three Japanese Foreign Service Officials Enter Manchukuo Foreign Office

Three officials in the service of the Tokyo Foreign Office will enter the Foreign Office of Manchukuo shortly up the recommendation of Koki Hirota, Foreign Minister. They are Kiyoshi Tsutsui, second secretary of the Japanese Embassy at Hsinking; Seiki Yano, official of the Intelligence Bureau of the Foreign Office, and Setsuo Hirose, official of the European Asia Bureau of the Foreign Office.

Manchukuo Finance Minister on Visit to Japan

Sun Chi-chang, Manchukuo Minister of Finance, departed from Hsinking, Sept. 29 on a four-week investigation tour of Japan. He is accompanied by Naoki Hoshino, director of the General Affairs Bureau of the Department.

How Anti-Japanese Volunteers in Manchuria Are Distributed

The Shanghai *Ta Mei Wan Pao* September 25 stated that there is a total of 26,376 anti-Japanese Volunteers in Manchuria at present distributed as follows: Fengtien, 3,718; Jehol 1,920; Heihungkiang, 2,250; Heiho, 1,080; Chinchow, 1,362; Kirin, 3,540 Pingkiang 9,056; Sankiang, 2,106; Cheitao, 1,454.

Admiral Tsai Ting-kan, Official of Old Regime, Dies at Peiping at Age of 75

The death occurred in Peiping Sept. 29 of Admiral Tsai Ting-kan, well-known official in former Peking regimes, at the age of 75.

The deceased was born at Hsiangshan (Chungshan), Kwantung, in 1861. He was one of the first batch of students sent to America in 1873. Upon his return, he studied at the Torpedo School at Taku, Tientsin, 1881-84, and was subsequently captain of a torpedo boat. He was promoted to Commodore of the Torpedo Fleet in 1892 and participated in the naval operations against the Japanese in the Gulf of Chihli during the Sino-Japanese War, 1894-5. He was made a Rear-Admiral in 1910 and in the following year was appointed departmental director of the Naval Board. He was promoted Vice-Admiral and High Adviser to the late President Yuan Shih-kai in 1912.

Thereafter, he served in various financial and diplomatic organs as co-director of the Inspectorate-General of Salt, 1913; associate-director for the office of Repatriation of Enemy Subjects, 1919; Chairman of the Tariff Revision Commission, 1922; member of the Commission for the Reorganization of Domestic and Foreign Debts, 1923; one of the three High Commissioners to investiagte the May 30 Incident in Shanghai, 1925; Director-General of Customs Revenue Administration and concurrently Minister of Foreign Affairs, 1926, in the last days of the warlords' Peking regime.

Major-General Isogai Compares Kuomintang to Soviets

The Japanese press in Shanghai Sept. 29 quoted Major-General Isogai, the Japanese military attache, as saying that Chinese denials of the existense of pro-Communist sentiments in the high councils of the Nanking Government are "meaningless" so long as preparations to adopt the Soviet pattern of administration are made in this country by the maintenance of a party autocracy similar to that prevailing in the U.S.S.R.

Asked for his views on the press denial of rumors that General Chiang Kai-shek had reached an understanding with the Communists or that a certain faction of high officials in Nanking were advocating an alliance with Russia, the officer was quoted as having said that the "surprise of the Chinese authorities at the rumors and their efforts to stamp out reports of that nature indicated that there was something to them."

A summary of the views, said to have been expressed by Major General Isokai, was given by the Shanghai *Mainichi* as follows:

"As a matter of fact, the Nanking Government has never had a fixed and immovable national policy. Besides those favoring Communism, there are men with opinions favorable to either Japan, Britain or the United States.

"These views rise and fall, depending upon the position of the person who advocates any of them and the conditions around him.

"When such views gather strength and the man advocating them is riding the crest of a wave, his opinion appears to be the basic policy of the National Government. When fate turns against him, such views seem to disappear. From this, it is easy to understand that there are certain elements in Nanking who would favor a union with Russia and that preparations for such an entente, whenever the situation appears propitious, both internally and externally, are always being made.

"A lack of enthusiasm in General Chiang Kai-shek's anti-Communist activities has been evident since last year, and there are several points in his tactics that are not understandable from the standpoint of military science.

"Moreover, the political construction of China at the present moment is based upon the autocracy of the Kuomintang and is similar to that of the U.S.S.R. In view of the fact that preparations to shift to a pro-Communist attitude exist in the Nanking Government, this state of affairs is extremely dangerous and is something to worry about not only for the sake of China alone, but from the viewpoint of the maintenance of peace in East Asia.

"It is absolutely meaningless for a semi-official Chinese news agency and the newspapers to issue denials in these cricumstances.

"What we desire most is to see China a nation where Communism cannot obtain a foothold."

Revolution in China and in Russia on Different Basis, Says "China Times"

The *China Times* comments:—"From the standpoint of principle, there is much difference between China and the U.S.S.R. because of the difference in circumstances. The form of revolution for China and the U.S.S.R. must also be different. In the U.S.S.R. because of the oppression by the former Czar and the effect of the development of industrial-capitalism, Communism found the opportunity to organize a proletarian form of Government. As for China, the activities of commercial capitalism in the past long period has gradually done away with the special power of feudalism. Oppression by the Powers has handicapped the national development of China. Hence the demand for revolution by all Chinese people. Since it is different racially and nationally from the U.S.S.R., it is childish to say that China will cooperate with the U.S.S.R. This statement overlooks the historical background of China."

Soviets Lend Art Objects to London--Japanese Only Ones to Refuse

The Chinese Art Exhibition which will open at Burlington House, London, in November has been enriched by several priceless treasures as the result of a successful visit to Moscow by George Eumorfopoulos, the famous art collector, and Lee Ashton, of the Victoria and Albert Museum. The Soviets readily agreed to lending a quantity of rare tapestries from Mongolia and Chinese Turkestan.

It may be noted in this connection that the Japanese Government was the only one to refuse to send its art objects to this Exhibition.

Japan Threatens Armed Action in South China; Nanking Denies Understanding With Reds

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Serious Sino-Japanese Dispute Develops in Kwangtung.**
2. **Nanking Denies Japanese Rumors on Understanding With Reds.**
3. **Gen. Tada Urges Creation of Separatist Regime in North China.**
4. **Gen. Ho Ying-chin Issues Denial of Planned Trip to Japan.**
5. **Gen. Doihara Confers With Chahar Officials on Red Situation.**
6. **Suiyuan Kuomintang Headquarters Reported Abolished.**
7. **Alleged Dispute Occurs Between Nanking and Gen. Han Fu-chu.**
8. **Panchen Lama Will Leave Chinghai for Tibet Oct. 15.**
9. **Further Progress Made in Anti-Communis Campaign in Szechuan.**
10. **Foreign Missionaries Evacuate Kansu as Reds Enter Province.**

Serious trouble between China and Japan is brewing in Swatow as a result of the stringent measures taken by the Chinese Customs authorities there to stamp out the smuggling of Formosan rice into Swatow, according to a *Reuter* report from Canton Sept. 30. Owing to the tension arising from the dispute, six Japanese destroyers have been rushed to Swatow, where the situation is officially admitted to be grave, "to protect Japanese lives and property."

Serious developments are feared if the matter is not settled by negotiation. The dispute is causing grave concern in Chinese circles, who believe that the Japanese Navy would take direct action against the Chinese efforts to "suppress smuggling" if a settlement is not reached.

The Japanese authorities regard the Kwangtung Provincial rice tax as a violation of existing treaties. They are reported to have declared that, unless the seizure and confiscation of Japanese rice is discontinued, the Japanese Navy may find it necessary to "cary out its duty."

The Japanese Consul-General at Canton recently filed a strong protest with the Chinese authorities over the recent detention of Japanese rice. He demanded the immediate release of all seizures, but the request has thus far not been complied with. It appears that the trouble started in the middle of September, when the Chinese authorities detained Japanese rice, estimated to be worth $10,000, at Kityang and Chaoan on the ground that it had been imported into the interior without paying the Provincial Inland Tax. There are over 500 Japanese subjects engaged in trade in Swatow, most of whom are Formosans.

The Swatow controversy will be settled amicably as a local issue, if the Kwangtung Provincial Govenment takes "appropriate steps," Galmusho officials told *Rengo* Sept. 30. The Tokyo Foreign Office will serve another protest on the Chinese authorities if they do not undertake to respect Japanese rights and take suitable steps to settle the dispute. Japanese destroyers have been dispatched from Hongkong to Swatow, while Rear-Admiral Shosuke Shimomura, Commander of the 5th torpedo-boat flutilla, is remaining near Canton to watch the attitude of the Chinese authorities.

The landing of Japanese marines at Swatow, as reported in Shanghai papers Sept. 30, was denied by the office of the Naval Attache in Shanghai. Said the statement: "Evidence that the Kwangtung Army and other officials have been applying illegal pressure upon our residents in Kwangtung Province, particularly in the Swatow district, has been secured by this office from reports received from various quarters.

"The attempts of the Kwangtung authorities to cover up their own wrongs by attributing to our Navy the intention of forcing unreasonable demands upon them in reports that marines had been landed or that vessels had been concentrated at Swatow are most regrettable.

"It is a matter of common knowledge that the spirit of opposition to Japan and that of dislike of Japanese prevailing among Chinese is the greatest obstacle lying in the path of the normalization of Sino-Japanese relations. It is particularly regrettable that the leaders of Kwangtung have not yet realized that the persistent anti-Japanese activities of a group of Kwangtung officials, headed by General Chen Chi-tang, have impeded normal relations between the two countries.

"We cannot but warn them that their attitude is not only harmful to Japan and China, but can have no benefit for Kwangtung itself and, it must be truly said that they are digging their own grave."

According to a *Reuter* report from Canton Oct. 1, conditions there continue normal despite the Sino-Japanese tension at Swatow. It is understood that the Japanese naval representative in Canton has arrived at Swatow to confer with Rear-Admiral Shimomura, Commander of the 5th Japanese Torpedo-boat Flotilla, who is watching the interests of the Japanese community. Meanwhile, the Japanese Consul-General in Canton is continuing his negotiations with the Chinese authorities for a settlement of the dispute.

Kan Chi-hou, Commissioner of Foreign Affair at Canton, called at the Japanese Consulate Oct. 1 and discussed with the Japanese Consul-General the Swatow dispute, but so far the negotiations have proved fruitless. The Japanese authorities, *Reuter* reports, are insisting on full compliance with their demand for the release of the Japanese rice seized by the Chinese authoritiees in Swatow. They also demand the abolition of the provincial tax on imported Japanese rice.

Commenting on the allegedly illegal action of the Kwangtung authorities in Swatow, the *Shanghai Nippo* points out that, instead of carrying on negotiations through the proper channels, the Kwangtung authorities under the leadership of General Chen Chi-tang immediately ordered the detention and confiscation of Japanese goods, for which the Japanese traders had not paid the provincial rice tax and a search of the Japanese residents' houses, and further attempted to arrest and shoot the Japanese.

"Such actions are outrageous and it would not be merely a matter of an apology and the payment of compensation, in case a single Japanese citizen should be killed by the Kwangtung authorities. We must express our regret that we cannot but recognize that these actions were intentionally carried out by General Chen Chi-tang, because the province of Kwangtung is the birth place of anti-Japanese activities in China, and therefore we cannot find any reason to excuse the Chinese authorities over the matter.

Turning to the Swatow incident, the Japanese daily states that the incident is the logical consequence of the Anti-Japanese consciousness of the people in the province, and can not be settled as a local problem. It is necessary to take resolute steps to wipe out all anti-Japanese sentiments."

The acts of the Kwangtung provincial authorities in "menacing the lives and property" of Japanese nationals is "a challenge," which Japan must accept by taking appropriate steps to protect her interests, the *Shanghai Nippo* declared editorially Oct. 1. The "Swatow Case" must not be settled as a local issue, the paper asserted, but "del[illegible] sentiment in Kwangtung Province, and the Japanese Government amend its ways.

The Swatow incident is a reflection of the anti-Japanese sentiment in Kwangtung Province, and the Japanese Government must act in a determined manner to eliminate this attitude, the editorial concluded.

SITUATION IN WENCHOW AND HANKOW ALSO TENSE

Japanese political circles were considerably agitated in Shanghai Oct. 1 over an alleged anti-Japanese campaign in Wenchow Chekiang, where the situation may also become tense. According to statement in the local Japanese press by a Japanese business man who recently visited Wenchow on a business trip, the city is in the grip of "Blood and Iron" anti-Japanese terror sponsored by the chief of the Bureau of Public Safety there who is said to have formerly been active in the Nanking Kuomintang.

No Japanese business can be done in Wenchow, according to the reports, and one case is alleged of a Chinese being arrested for merely speaking to a Japanese on the street. It is also alleged that the "Blood and Iron Corps" sent a letter Oct. 1 to one Japanese who had recently visited Wenchow warning him not to go back again, and declaring that no Japanese trade was allowed there. The *Shanghai Mainichi* vigorously urges the authorities to take appropriate steps.

Seven Japanese gunboats have been concentrated in Hankow, as Yoshiaki Miura, Consul-General there, filed a third protest with General Chang Chun, Chairman of the Hupeh Provincial Government, against the display of anti-Japanese posters in Chinese military barracks in Wuhan.

NANKING VIGOROUSLY DENIES JAPANESE RUMORS ON UNDERSTANDING WITH REDS

Surprise and regrets are expressed by official circles in Nanking on Sept. 26 over the abundant crop of rumours concerning China's major diplomatic policies, which have emanated from the Japanese news agency, the *Rengo Shimbun Sha*, in Tokyo, and given full prominence in Japanese papers in Shanghai. These rumours allege that Gen. Chiang Kai-shek has reached a secret understanding with the communist bandits in China; that some of the leaders of the National Government have openly advocated allegiance with Soviet Russia in order to counteract the influence of Japan; that China originally intended to follow the footsteps of Japan and the United States in lodging protests with the U.S.S.R. against the decisions reached at the recent congress of the Third Internationale, but later dropped the idea. These rumours, official circles declare, are not only absolutely groundless but they are also prejudicitl to Sino-Japanese friendship. "Such reports are the more regrettable," said a Government spokesman, "during such a juncture when the Chinese and Japanese Goverenment are trying to cement closer relations between the two nations."

It is pointed out that it would be too ridiculous to conjecture that, after eight years' relentless effort in the carrying out of a pre-determined policy, the Generalissimo should suddenly change his mind and conclude an agreement with the Reds, whose fate already is clearly written. The National Government could never tolerate a pro-communist policy.

The emphatic denial by Chinese officials of Japanese rumours that Gen. Chiang Kai-shek had reacheed a secret understanding with the Communist bandits in China and that some leaders of the National Government were advocating an alliannce with Soviet Russia were termed "welcome" by a spokesman for the Japanese Embassy on Sept. 27. "We had heard of such rumours, but, inasmuch as we could not secure any reliable information on the matter, we attached little credence to them," the spokesman said.

"Japan being vitally interested in the maintenance of peace and order in the Far East is naturally concerned in the suppression of Communism in Asia," he continued. "This is particularly so at a time when vast regions of China, such as Outer Mongolit and Sinkiang, virtually have been Sovietized and are beyond the authority of the National Governmeent. In the circumstances, the *Central News Agency's* report, obviously sanctioned by the authorities in Nanking, denying such rumours, naturally is welcome.

A wholly different view of the report was taken by a spokesman for the Military Attach's office, in an interview with *Rengo*. "The vehemence of the denial, prominently displayed by all Chinese newspapers under what seems to us as an order from the Kuomintang, makes us have doubts," he said. "If the suppression of the Communists by Gen. Chiang is going so smoothly as is claimed, why do the Nanking authorities take such rumours so seriously? If the rumours were untrue, why not let them die a natural death!"

Chinese denials of the existence of pro-Communist sentiments in the high councils of the Nanking Government are "meaningless" so long as preparations to adopt the Soviet pattern of administration are made in this country by the maintenance of a party autocracy similar to that prevailing in the U.S.S.R. This was the statement made by Major-General Rensuke Isogai, Japanese military Attache in China, by the local Japanese press Sept. 29.

TADA URGES CREATION OF SEPARATE REGIME IN NORTH CHINA

Creation of a new political organization in North China, politically and economically unconnected with the Nanking Government, was counselled by Major-General Hayao Tada, Commander of the Japanese forces in North China, at an interview with Japanese press representatives at Tientsin Sept. 24, in connection with the publication of a pamphlet on Japan's policy in China by the Headquarters of the Japanese Army in North China. The pamphlet charged that despite the orders issued by the Central Government, following the recent North China controversy, anti-Japanese activities still continue under cover. These activities are but a manifestation of "the attitude of General Chiang Kai-shek and his faction, and anti-Japanese acts are bound to recur unless General Chiang and his followers are overthrown," the booklet declared.

The publication also charged that in addition to the remnants of the Kuomintang organs in North China and the "Blue Shirts," "officials in some departments of the National Government are secretly directing moves calculated to prevent the Sino-Japanese rapprochement."

"To put an end to their activities and bring about peace, a new political set-up, politically as well as economically separate from Nanking, is necessary," Major-General Tada declared. He finally urged co-operation between China and Japan in preventing the Sovietization of China by the Soviet Union.

A sensational declaration made by Major-General Hayao Tada on the need of sponsoring the formation of an autonomous federation of five northern provinces was prominently prominently displayed on Sept. 25 by the *Asahi*, a leading daily in Tokyo. The statement, according to the *Asahi*, also hinted that it may become necesasry to resort to eliminate the influence of General Chiang Kai-shek and the Kuomintang from North China.

HO YING-CHIN DENIES PLANNED TRIP TO JAPAN

An emphatic denial of the rumor that he is shortly going to visit Japan, as reported in a recent issue of the *Shanghai Nichi Nichi*, a Japanese daily in Shanghai, was made by Gen. Ho Ying-chin, Minister of War, in a press interview on Sept. 26 at Nanking.

The paragraph given denial by Gen. Ho appeared in the September 24 issue of the *Shanghai Nichi Nichi*, and alleged that one of the purposes of the recent trip of Li Tseh-yi, diplomatic adviser to the Fukien Provincial Government, to Japan is to seek for an understanding with the Japanese authorities for the planned visit of the War Minister to the Island Empire.

"I am totally uninformed of Mr. Li's recent visit to Japan, and I had never asked Mr. Li to make any arrangements with thhe Japanese Government on my behalf," said Gen. Ho. He further revealed that as soon as he learned of this report, he wired to Mr. Li in Japan to see if he had made any such statement to the Japanese press, Mr. Li's reply was a complete denial.

General Chiang Tso-ping, Chinese Ambassador to Japan, is scheduled to return to China at the end of October to attend the forthcoming 6th Plenary Session of the Central Executive Committee at which he will report on the results of his discussions with Koki Hirota, Japaneses Foreign Minister, in connection with Sino-Japanese relations.

DOIHARA CONFERS WITH CHAHAR OFFICIALS ON RED SITUATION

Measures to prevent the Red penetration into Chahar and Suiyuan were discussed by Major-General Kenji Doihara, Director of the Special Service Division of the Kwantung Army in Mukden, with officials of the Chahar Provincial

Government, according to a *Rengo* report Sept. 29. General Doihara arrived at Kalgan from Jehol Sept. 25 by airplane and returned to Mukden Sept. 29.

At the meeting held at Kalgan Sept. 26 between Gen. Doihara, Col. Takahashi, the Japanese Military Attache at Peiping, and General Chin Teh-shun, Chairman of Chahar, agreement on the following two subjects was reached in accordance with the Japanese demands, according to *Shanghai Mainichi*, September 27:

1) In accordance with the decision reached by Japanese and Chahar authorities last June, armed Pao An Corps shall be organized in Inner Mongolia, in order to wipe out the anti-Japanese elements in the demilitarized zone in Chahar Province.

2) Joint measures are to be adopted by Chinese and Japanese to curb the invasion of the Communists into Suiyuan and Ninghsia.

There is considerable speculation in Chinese circles in Peiping concerning the recent visit of General Doihara to Kalgan. General Sung Cheh-yuan, Commander of the Peiping and Tientsinn Garrison, told newspapermen that General Doihara's visit to Kalgan was nothing but a sight-seeing trip and had no political significance. According to Hsiao Cheng-ying, a member of the Chahar Provincial Government, the purpose of General Doihara's trip was to inspect the work of the Japanese military mission in Chahar. A Chinese report states that General Doihara will be transferred to Japan shortly, and that his visit to Kalgan was for the purpose of inspecting the situation on the spot to see whether the Chinese authorities had carried out the terms of the agreement reached in Peiping last July in settlement of the Changpei incident.

General Doihara declared in an interview at Mukden Sept. 29, that in his opinion the present squable between Mongolian princes would not lead to a major armed clash. Prevention of the red penetration into North China provinces was the major reason for his trip to Inner Mongolian provinces. The reports of imminent clash between the forces of the Mongolian Political Council and Prince Dorlchi were exammerated, the Japanese officer said, as Gen. Pu Tso-yi, Chairman of the Suiyuan Provincial Government, has sent only 100 soldiers to aid Prince Dorlchi.

General Doihara stated that it is necessary for the Japanese to assist the Mongolians for the steady development of self-administration in the region. "With regard to the North China situation," he continued, "I express my satisfaction with the steps taken for the establishment of a fixed policy in that region. It is also necessary for the stabilization of North China that a joint self-administrative body be created in the five provinces of North China."

SUIYUAN PARTY OFFICE ABOLISHED

Abolition of the Suiyuan Provincial Office of the Kuomintang was announced Sept. 30 by its supervisory committee and the office closed its doors on the same day, according to a *Rengo* report from Peiping. The funds hitherto used for Party purposes will now be devoted to compulsory education.

A number of conferences have been held between General Yen Hsi-shan, Pacification Commissioner of Shansi Province and chief of the investigation department of the Japanese Military Headquarters in North China, Col. Hayashi, for the opening of coal mines in Shansi jointly by Chinese and Japanese. Although agreement has been reached in principle for the joint entorprise, no concrete plans have yet been worked out.

LEADERS OF ANFU CLIQUE RETURNING TO POWER

Wang I-tang, former Home Minister of the defunct Peking Government, has been appointed the highest adviser to Gen. Sung Chih-yuan, the new Commander of the Peiping-Tientsin Garrison, while an advisory office will also be offered to Tsao Ju-lin, Vice-Minister for Foreign Affairs, 1913, and Minister of Communications, 1917, according to a *Rengo* report. Both men were among the leaders of the Anfu Club and both were educated in Japan.

The 132 Division of the 29th Army of Chahar under the command of Chao Teng-yu is being transferred to the Tientsin-Peiping Area to take over the garrison of the area. The Headquarters of the 29th Army will be established in Chinho Barracks near Peiping.

A report recently published in the Japanese press alleging that 200 soldiers from the 32nd Army under General Shang Chen, Chairman of the Hopei Provincial Government, have been incorporated into the 3rd Brigade of the Chinese Gendarmerie under Captain Chiang Hsiao-hsien was emphatically denied by official circles concerned in Peiping Sept. 26. The report is branded as absolutely without foundation.

Liu Kwei-tang and Shih-Yu-shan are enlisting men in the southern part of Hopei Province and organizing them into "Self-Governing National Salvation Army."

With the abolition of the Peiping Political Affairs Readjustment Council, all foreign affairs of a local nature in Hopei will be handled by the Hopei Provincial Government. In identical orders to the various Government office in Hopei, the Executive Yuan instructs that all affairs in connection with foreign countries should hereafter be referred to the Provincial authorities.

Five million silver dollars have been smuggled out of Tientsin and Peiping during the past three months, according to a spokesman of Chinese financial circles in Tientsin.

A *Reuter* report states that a river police force on the Luanho, consisting of 500 men, is expected to be organized shortly with its Headquarters near the Luanchow railway station.

The *Central News* reports that the South Manchuria Railway will shortly open three new branch officers in North China, one at Dolonor (Chahar), one at Kweihua (Suiyuan) and one at Tientsin.

PEIPING INVESTIGATION MISSION REACHES JAPAN

A mission of 15 prominent Peiping residents, headed by Wu Cheng-shi, councillor of the Peiping Municipal Government, arrived at Moji Sept. 28 in the S. S. *Keizan Maru* from Tientsin, and immediately left for Tokyo in the super-express Sakura. On arrival Mr. Wu issued a statement revealing that the group was sent to Japan by Mayor Yuan Liang to study general administration, education, commerce and industry, and will remain in Japan for 26 days.

"We shall seek to promote Sino-Japanese co-operation by exchanging frank views with Japanese business leaders and officials," the statement said.

According to *Chen Pao*, the Chinese Economic Mission to Japan will consist of the following persons: Wu Ting-chang (Chairman) representing the Tientsin Municipality; K. P. Chen, representing Hankow, Yu Tso-ting, representing the Shanghai Chamber of Commerce, Chou Tso-min, representing the Peiping City Government; Huang Wen-tze, representing the Hankow Chamber of Commerce; T. K. Yung; O. S. Liu; Singloh Hsu; Tang Sou-min, Chien Hsin-tze, Kwok Shun; Hu Chuan-yen; Huang Kieng-chuan; Tso Shih-kong; Nan Chin-yung representing Shanghai industrialists, business leaders and financiers. D. K. Liu has been invited to act as secretary of the Mission. The Mission will leave Shanghai for Japan on October 6th on board the s.s. *Shanghai Maru*.

A group of four experts of the Tsinan-Tsingtao Railway sailed for Japan Sept. 30 in the s.s. *Taizan Maru* to make a thorough study of the railway facilities in that country.

Miss Lu Mei-sun, a well-known Chinese poetess in Tsingtao, arrived in Tokyo Sept. 29 on a three-week visit. She is scheduled to meet a numeber of outstanding Japanese students of Chinese classics.

SHANTUNG CHAIRMAN DISSATISFIED NANKING

The *Shanghai Nippo* reported Sept. 28 that as a result of his dissatisfaction with the Nanking Government because active relief is not being given to the famine-stricken peasants in Shantung, General Han Fu-chu is ready to send 3 millions of refugees to Nanking by the Tientsin-Pukow Railway to petition the Central authorities. As a first step for the relief in the province, General Han has cancelled the budget of $600,000 for the annual expenditure on Party Affairs in Shantung.

PANCHEN LAMA GOING TO TIBET ON OCTOBER 15

After repeated delays and postponements, the Panchen Lama, Tibetan spiritual leader, is now scheduled to leave

Kokonor for Lhassa on October 15, according to Tan Keh-min, Civil Affairs Commissioner for Chinghai (Kokonor) who is on his way back from Nanking to Hsining. Mr. Tan in an interview with press representatives at Sian Sept. 30 declared that the provincial troops of Chinghai have been greatly re-enforced and will be fully able to repulse any communist thrust into Kokonor territory.

The Mongolian and Tibetan Affairs Commission has appointed Kao Chang-chu as aide-de-camp to Chen Yun, the Special Commissioner to escort the Panchen Lama to Lhassa. Mr. Kao accompanied General Huang Mu-sung, then Special Commissioner to Tibet, and at present Chairman of the Mongolian and Tibetan Affairs Commission, on his trip to Lhassa last year.

SZECHUAN REDS ATTEMPT TO ENTER CHINGHAI

A force of 1,000 Reds is reported to have been waiting at Chihamashih, near the Chinghai border in northern northern Szechuan, on September 17, probably in the hope of crossing the Hwang Ho and entering Chinghai. As a small band of Reds recently appeared at Kaipao, a Government regiment has been dispatched to round them up. The main body is encamped three miles south of Chungpao.

Scouting airplanes report that Reds in groups of two or three are roaming in the mountains south of Tangchang, to the southeact of Minhsien, in Kansu. All is quiet in the vicinity of Lichwanchin, north of Tangchang.

Meanwhile, a telegram from General Chu Chao-liang states that the Reds who fled from Achu in a northerly direction have been driven back to their former position. The Reds, he adds, have been virtually eliminated from Panya and Asichung, as, after an assiduous search, only two of them were found and captured. More than 300 corpses of Reds who had starved to death were found.

According to confession by several Red captives now in the custody of the Government troops under General Teng Hsi-hou, the remnant Communists in northeastern Szechutn are on the verge of starvation and each battalion of the Red Army receives a ration of only 1 Tou of rice (ten pints) a day and have to feed themselves on cattle skins for subsidence. Reports by General Teng to the General Staff Corps in Chengtu state that the General Military Hospital at Matang is now overflowing with wounded officers and soldiers of the Communist Army, whose number is estimated to be over 600. The reports further state that most of the starving Reds sleep in the open air because of lack of house accommodation and as a result of their exposure to the cold coupled with lack of food, an average of thirty to forty Reds are found dead daily.

A number of bandits remain in the neighbourhood of Chungpao, but in all probability they will flee to the northeast, according to a telegram from General Hu Chung-nan. While there are no bandits in Siku and Lutai, it is reported that a small band is quartered about 30 miles south of Lintan (Taochow). A few remnants have appeared near Choehlihtan.

It is learned from Red prisoners that Chow En-lai and Mao Tse-tung, with what is left of the 1st and 2nd Red armies under their command, are heading for Minhsien and Hsiaho (Lapolun), while Hsu Hsiung-chien and Chen Chang-hao are leading other columns of Reds to Maoerhkan, west of Sungpan, with the intention of linking themselves up with the Governments under Chu Teh and Chang Kuo-tao at Achu. Dissension is reported to have occurred between Chow and Mao on the one side and Hsu and Chen on the othere.

According to information from military circles, the main forces of the "Reds" are concentrating at the Tonali-Hungtupei-Hatapu sector, south of Minhsien, southern Kansu. "Reds" who have surrendered, confess that the 1st and 3rd "Red" army corps, personally led by Chou En-lai and Mao Tse-tung, are fleeing towards Minhsien and the Sia Ho valley. The 4th and 30th "Red" armies under Hsu Hsiang-chien and Chen Chang-hao have reached Maoerhkai, west of Sungfan, north-western Szechuan, to establish contact with those under Chu Te and Chang Kuo-tao, near the Szechuan-Kansu border.

Lieut.-General Wang Shu-chang, until recently Gendarmerie Commander for the Peiping-Tientsin Area and newly appointed Vice-President of the Military Advisory Council, arrived at Hankow from Sian Sept. 25 after calling on General Chang Hsueh-liang, Director of the Provisional Headquarters of the President of the Military Affairs Commission. Lieut.-General Wang left for Chengtu by airplane Sept. 26 to seek instructions from General Chiang Kai-shek, President of the Military Affairs Commission, concerning his new duties.

Representatives of various districts in Szechuan are petitioning the provincial authorities to take urgent measures to relieve the suffering of the people, which has resulted from the enforcement of General Chiang Kai-shek's instructions that all the papernotes issued by the local banks in the Province are to be exchanged for the papernotes issued by the Central Bank of China. The local authorities are trying to convince the people that the desire of the Central Government is to unify the currency system in the province, and thus lessen the burden of the people. According to recent messages from Shanghai, many orders from Shanghai for silk have been cancelled, because the exchange between Szechuan and Shanghai is unfavorable for export.

FOREIGN MISSIONARIES EVACUATE KANSU AS REDS ENTER PROVINCE

A *Reuter* report from Peiping states that on September 20, large bodies of communist troops from Szechuan province reached the Tao river, in southern Kansu, at a point only 15 miles from Minhsien. The Reds are attembting to cross the river at Minhsien or Taochow, some miles to the west Minhsien is 125 miles south of Lanchow. All foreign missionaries in southern Kansu have left their stations for Lanchow or other places of temporary safety because of the northward march of the Szechuan Reds.

Rapid progress has been made by the Government troops in the campaign against the remnant "Reds" under Liu Tzu-tan in northern Shensi. The outlaws near the city of Fushih (Yen-an) having been cleared up, the 67th Army under Lieut.-General Wang I-che will combine with the Shansi troops under Lieut.-General Sun Chu, Field-Commander of the Bandit-suppression Forces in northern Chensi, in an enveloping movement on the "Reds" at Anting city. To facilitate communications, Lieut.-General Wang's units, besides operating against the outlaws, have completed the construction of the Yaohsien-Fushih section of the Sienyang-Yulin Highway. (Sienyang is situated 51 miles west of Sian; Yulin is in the extreme north of Shensi.)

REDS IN KANSU SUFFER SEVERE REVERSES

The Szechuan Reds penetrating into Kansu are getting deeper into the territory of that province, but they have suffered two severe defeats, according to information from foreign sources. One group crossed the Min mountains, but was defeated by Government troops near Minhsien, and split into two bodies, one of which headed westward towards Taochow and the other north-east in the direction of Changhsien. Another group is reported to be 40 miles beyond Labrang, which is 100 miles south-west of the provincial capital, Lanchow. A third group has reached Kweite, on the Yellow River, 45 milees south of Dangar, but it has been decisively defeated by a force of Tibetans and Moslems.

Eleven adult Americans and three children who had evacuated to Lanchow are now leaving for Sian. The reports also confirm that all British and American missionaries have evacuated the threatened zone and are now in Sian.

Preparations are being made by local official circles in Taiyuan for the welcome of General Chang Hsueh-liang, Director of the Provisional Headquarters of the President of the Military Affairs Commission. General Chang will confer with General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters, concerning the joint campaign against the Reds in northern Shensi by the Central Government Shensi and Shansi troops.

Japanese Send Warships to Swatow to Defend Formosan Rice Smugglers

(By The Review's South China Correspondent)

THE South-west Government in Canton is faced with the serious problem of having to find adequate means of checking the extensive smuggling of foreign rice, sugar, cement, peanut oil, bean cakes, wine, piece-goods and numerous other sundry foreign commodites to Kwantung ports in general and Swatow and Chiuchow in particular. Foreign complication is feared in view of the fact that the nationals and subjects of a certain Power are alleged to be involved in some of the smuggling syndicates in Swatow. It is alleged that one of the syndicates with foreign capitalization and unscrupulous merchants amongst its organizers has a capital of at least a quarter million Mexican dollars.

A Chinese report mentions the alarming figure that the receipt of the Swatow and Chiuchow Maritime Customs offices suffer a monthly loss estimated to over $500,000, since these foreign smuggling racketeers have entered Kwangtung territory, since the beginning of 1935. This revelation together with the official statement made in Hongkong not very long ago by a reliable authority on Customs matters in the person of H. O. Tong, the visiting Commissioner of the Shanghai Chinese Customs, to the effect that big scales mugglings of foreign goods in Kwangtung caused a drop of the Maritime Customs receipts in Canton from $3,000,000 annually to the present hopeless figure of $1,300,000. However, the Nanking Government, which depends so much on the Customs receipts for the settlement of its foreign and domestic loans and interests obligations, is not the only victim of this foreign exploitation as, according to H. O. Tong, the Kwangtung provincial government's revenue from taxes on imported foreign goods also has dropped from $5,000,000 to $4,000,000 per annum.

It is with the earnest intention of saving the Maritime Customs from complete ruin that Nanking sent H. O. Tong to the south to deliberate with the highest officials of the southern regime, including such influential notables as General Chen Chi-tang and provincial treasurer Au Fong-po. It was indicated in official circles that even Dr. H. H. Kung, the national finance minister, may visit Canton some time in October, if his envoy was unable to find a solution to the smuggling dilemma in the South.

Racketeers' Enormous Profit

When we take into careful consideration the undisputed losses suffered by the Swatow district government, the Kwangtung provincial government and the Chinese Maritime Customs as stated above it can easily be realized that the racketeers behind these scores of smuggling syndicates must have made and are still making tremendous profits of millions of dollars a month.

For instance it is known that the Swatow and Chiuchow district authorities since 1934 have been collecting a total of $2.20 (Canton currency) for each picul of imported foreign rice.

From rice duties alone Swatow, therefore, secured a monthly revenue of about $1,000,000, when the special duty on rice was first introduced and smuggling companies had not yet found the lucrative business of engaging in this trade through foreign influence. In other words the Swatow people paid an additional $10,000,000 annually for their rice. From $1,000,000 the district government's receipt has now dropped to the ridiculous amount of between $20,000 to $30,000 a month.

According to those in the know organized smuggling with the supervision of irresponsible foreigners actually commenced last April, when 20,000 sacks of foreign rice were smuggled into Swatow, which increased to 60,000 sacks in May and 80,000 in June, depriving practially all law-abiding rice merchants of making any profit in their legitimate imports of Annam and Siam products.

Because the smugglers have evaded the payment of $2.20 for each picul of rice imported they were able to dispose of their products at $6 per picul, which was much lower in price than the cheapest kind of legitimate goods, which were shipped into this eastern Kwangtung port coupled with the full payment of the Customs and native duties. The smugglers, however, had met with a temporary setback in July when some merchants succeeded in buying some cheaper kind of Wuhu rice from the Yangtse River rice producing centres. Because of this unexpected competition smugglers reported a comparative lean month in July, when only 60,000 sacks were smuggled into Swatow. Towards the end of July and during part of August the smugglers were forced to sell their smuggled goods at only $5 per picul, with the result that both these smugglers and the respectable import firms were among the heavy losers.

Because of this unfavorable price factor and the vigilant watch maintained by Government anti-smuggling inspectors stationed at all approaches to Swatow the smuggling activities were slightly curtailed in August and not many thousand sacks were imported without the payment of the Customs and native duties. These foreign rogues also interest themselves in the smuggling of large quantities of old foreign newspapers, which are being extensively used in Kwangtung as wrappers. Incidentally, to protect the government's own paper mill in Canton, the Canton authorities have imposed quite a high duty on imported used foreign newspapers.

Smuggling King Has Powerful Backing

Starting from the humble beginning of ten to twenty organizers for each smuggling syndicate the foreign rogues were encouraged by their subsequent success and enormous profit accrued. With enlarged capitalization the rogues were able to maintain their own firms, which in every respect look like an ordinary import firm in Swatow. From rice they extend their dealings to peanut oil, dried or maritime goods, silk, piece-goods of every description, mostly cheap stuff with constant market among the poor villagers.

A Swatow Chinese report makes the alarming estimate that about 3,000 persons including Chinese have directly worked for these syndicates, which also issued their shares of the organization in small allotment of ten or five dollars for share. To prevent any unsound competition among the different smuggling syndicates—which all have one idea in common, that of defeating the Chinese Customs—the organizers secretly formed a supervising committee. It is the latter which fixed the prices for all the smuggling goods, which were then distributed to small retailers at rates slightly below similar goods at market prices. Unless this unsatisfactory state of affairs in Swatow is immediately stopped by the military authorities without fear of international complications it is believed that hundreds of firms and merchants will be ruined before the year is over.

Of the large quantities of goods imported illegally into Swatow it is known that the majority of them were sent to Canton by land or distributed in districts on the East River including Waichow.

Difficulties of Suppression

Although this racketeering must have come to the knowledge of the Canton Government, there are undoubtedly difficulties in carrying out the necessary prevention. As an illustration it may be necessary to cite an incident which occurred at Kityeung near Swatow. On September 15 Kityeung authorities were informed by Swatow that a certain consignment of smuggled rice was on its way to Kityeung from Swatow. A watch was made and a raid carried out at a certain firm with offices on the Chungshan Road disclosed the illegal goods. These 300 bags of rice were then taken by the Police to the Magistrate's office with an announcement for their confiscation and punishment of those concerned. At this point a Japanese company came forward to claim this cargo as its own. The company made good its claim and got back all the rice.

Not satisfied with this the Japanese Consul at Swatow communicated and protested to the Military administrator of East River with office in Swatow and also to the Chinese Mayor there. It is alleged that the Japanese Consul made certain demands asking for compensation made for the wrongful detention of the consignment, which caused a delay in the final disposal of the goods and also for a governmental assurance that "such seizure will not be repeated, which may jeopardize the Japanese merchants' free distribution of foreign products in Swatow areas."

Enquiries made at the Mayor's office show that while correspondence on this subject had been exchanged between the Mayor and the Japanese Consul the latter's alleged demands were denied.

Two Japanese gunboats on Sept. 17 steamed into Swatow from Amoy, it being reported that they came only on a cruise. The gunboats' arrival caused quite a stir among the Chinese, who rightly believed that the movements of the warships had some bearing on the Kityeung incident. It was also interpreted as a demonstration against the district military authorities. For three evenings the Japanese naval officers of the warships were entertained by their nationals at Chinese restaurants.

More complication was added to this difficult position by the resignation of Cheung Lin-yuen, chief of the Swatow anti-smuggling suppression office, who was an appointee of the Canton provincial treasury. Last Sunday he returned to Canton to report himself to the treasurer, Au Fong-po, to whom he confessed his utter inability of coping with the runners of smuggled products.

It is the Government's wish to appoint a new man to succeed Cheung Lin-yuen, while four revenue cutters and two more patrols of preventive officers are being sent to Swatow to watch the situation.

Japanese Send Destroyer Flotilla to Swatow Following Tax Disputes

The 16th and 28th Japanese destroyer flotilla were ordered to Swatow Sept. 29. These destroyer flotillas backed up seven Japanese war vessels previously sent to Swatow, to protect Japanese lives and property, Japanese dispatches said. Tension developed at Swatow on the subject of taxes imposed by the Chinese authorities. Tatsuo Kawai, Consul-General in Canton, filed a vigorous protest with Gen. Chen Chi-tang, Chairman of the Kwantung Provincial Government, against orders allegedly issued by the Chinese authorities to tax Japanese nationals and also because of the detention of Japanese (Formosan) cargo.

The commanders of the Japanese waships and consular officers presented demands to the Swatow authorities asking for compensation of losses sustained by Japanese merchants, assurance that such incidents will not happen again, and circular orders to various districts instructing protection of Japanese goods. Upon the failure of the Chinese authorities to give a reply, three more war vessels steamed into the port. A landing party of 120 officers and men were sent ashore, demanding that the tax bureau release six boatmen whom Chinese authorities had detained. The tax bureau officials replied that they had already been released, but the Japanese naval officers were not satisfied with the reply. They demanded reasons for not sending the released men to the Japanese Consulate and contended that the boatmen must have been murdered by anti-Japanese fanatics.

Japanese Objects Agricultured Tax

The trouble at Swatow started sometime ago by the seizure of a fleet of boats loaded with Japanese rice for which no agricultural tax, a Kwangtung provincial levy not authorized by the National Government, at Yiyang. Japanese authorities resented the detention, claiming that the levy is illegal and contrary to treaties.

Protesting against the action of the Chinese Agricultural Tax Bureau of Swatow in seizing several Japanese boats engaged in the transportation of rice, without paying tax, seven Japanese warships steamed up to Swatow on Sept. 11 and demanded: That damages be paid by the Chinese authorities to the Japanese boats; and that the Chinese authorities guarantee that incidents of this kind will not happen again; and that the Chinese authorities ask all the Chinese people to protect the Japanese transportation of rice in the district.

The Japanese authorities in Canton are represented as taking a serious view of the situation in Swatow and assuming a firm stand. Further developments in the incident appear to depend on the nature of the Chinese reply to a protest filed by Consul-General Kawai.

In view of the grave situation, which already is causing rumors of impending Sino-Japanese hostilities in South China, General Li Chung-jen is reported by the Japanese press to have offered his services to arrange for an amicable settlement of the dispute. General Li Ching-yang, district pacification commander in Swatow and the central figure in the Swatow disputes, is said to have resigned from the post. Li Han-wan, another right-hand man under General Chen Chi-tang, has been rushed to Swatow to handle the situation there.

A *Reuter* message from Canton Sept. 1 stated that Kan Chia-hou, Commissioner of Foreign Affairs, had called at the Japanese Consulate and discussed with the Japanese Consul-General the Swatow dispute, but so far the negotiations had proven fruitless. The Japanese authorities, it is reported, are insisting on full compliance with their demand for the release of the Japanese rice seized by the Chinese authorities in Swatow. They also demand the abolition of the provincial tax on imported Japanese rice.

Chinese newspapers were silent on the South China situation. Their despatches apparently were censored, either at Canton or at Shanghai.

Tokyo Says Swatow Case Is to be Settled as Local Issue

The Swatow controversy areaing out of the taxing of Japanese rice by Chinese authorities will be settled amicably as a "local issue," if the Kwantung Provincial Government takes "appropriate steps," Foreign officials in Tokyo stated Sept. 30.

Anti-Japanese Tension Also Reported at Wenchow

Anti-Japanese tension is also reported from Wenchow, where the Japanese report that no business can be done owing the activities of the "Blood and Iron" anti-Japanese group.

Seven Japanese Gunboats Concentrated at Hankow

Seven Japanese gunboats have been concentrated in Hankow, as Yoshiaki Miura, Consul-General there, filed a third protest with Gen. Chang Chun, Chairman of the Hupeh Provincial Government, against the display of anti-Japanese posters in Chinese military barracks in Wuhan.

Dr. Victor Hoo is Appreciative of League Opium Remarks

Discussing the Opium Report at a meeting of the Committee of the Assembly of the League of Nations Sept. 19, Dr. Victor Hoo, Chinese Minister at Berne, thanked the rapporteur for his remarks concerning the efforts of the Chinese Government to stamp out the drug menace. Dr. Hoo expressed the opinion that the legalized output of drugs still exceeded the legitimate requirements of the world, while clandestine manufacture was increasing, and smugglers becoming more skilful. The Chinese representative said he regretted that Soviet Russia had not adhered to the Convention of 1931, and that the League was unable to give information concerning the situation in Manchuria and Jehol. As long as the unlimited manufacture of narcotics continued, he concluded, the situation throughout the world would never be satisfactory.

British Woman Delegate Praises Chiang Kai-shek's Anti-Opium Campaign

The opium suppression campaign in China formed an important part of a report given by the British delegate, Miss Horsbrugh, before the fifth Committee of the League Opium Advisory Council held in Geneva Sept. 20 in reviewing the work achieved by the League in dealing with the drug suppression problem. One of the most significant and important events during the past year, Miss Horsbrugh said, has been the well-directed campaign in China against opium and narcotic drugs under the leadership of Generalissimo Chiang Kai-shek. Like the Opium Advisory Committee, she declared the Fifth Committee will await with the greatest interest the development and outcome of the China campaign, expressing the devout hope that these determined efforts will meet with ultimate success. She was gratified to note, Miss Horsbrugh continued, that several members of the Committee have given the assurance of their governments to do everything within their power to facilitate the efforts of the Chinese Government in its fight against the opium evil.

Huge Opium Haul in Tientsin

Large quantities of raw opium, weighing about fifteen kilograms and hidden in a wooden chest shipped from Kalgan by rail, were discovered by the Tientsin police authorities at the east railway station Sept. 28. A middle aged army officer, by the name of Men Chao-yi, subsequently appeared at the luggage office of the railway to claim for the chest. He was immediately taken to the police headquarters for questioning.

Japanese Cultural Representative Comes to China

Mr. Hayashi, director of the first section of the Cultural Affairs Department of the Japanese Foreign Affairs, who has been appointed to make an investigation of Chinese cultural conditions, arrived in Tientsin end of last week and later proceeded to Peiping to exchange views with the Chinese cultural leaders on Sino-Japanese cultural cooperation. Mr. Hayashi will visit Shanghai, Nanking, and Kwangtung during his investigation trip.

"Chen Pao" Urges Sino-Japanese Peace

Commenting on the forthcoming arrival of General Iwane Matsui with the avowed mission of harmonizing Sino-Japanese relations, the *Chen Pao*, generally regarded as an organ of General Chiang Kai-shek, says:

"While we sincerely welcome any emissary sent by Japan with the object of bringing about harmony in Sino-Japanese relations, it must be pointed out that such an object can only be achieved in certain definite ways. If Japan intends to dominate Eastern Asia and create a virtual protectorate here then there is absolutely no possibility of our yielding to her wishes. In their discussions with General Matsui, our leaders should be sincere and outspoken. It should be emphasized to the Japanese visitor that all negotiations must proceed on the principle of co-existence and co-prosperity between China and Japan. "It is realized that the lack of harmony in Sino-Japanese relations may, to a certain extent, be attributed to the behavior of the press in both countries. The Japanese have expressed their deep resentment at the anti-Japanese feelings voiced by the Chinese press, but they seem to forget that a similar resentment exists in China due to the anti-Chinese agitation in Japan. We believe that any attempt at harmonizing Sino-Japanese relations should begin with the adoption of a calm attitude by the press of both countries. "Another important factor in Sino-Japanese relations is the so-called many-sided diplomacy of the Japanese Government. This takes the following forms: first, the conduct of negotiations through both diplomatic and military channels: secondly, the exertion of pressure on the Chinese National Government as well as local Chinese authorities; and lastly, special action designed to reinforce diplomatic pressure. Such tactics imply an intention not to regard China as an independent and unified country. If the Japanese are intent on restoring normal relations with our country, then the so-called many-sided diplomacy made be abandened and all pending issues should be discussed only with the Central Government through regular diplomatic channels."

The Italo-Abyssinian Dispute—An Imbroglio

BY S. Y. LIVINGSTON HU

The Italo-Abyssinian Dispute is an embroglio challenging convincingly and unsparingly the sanity of our present-day civilization in such time-honored ways as the embarrassment of the half-dead League of Nations, the partial confirmation of the Wilsonian Principle of Self-Determination for the weaker nations —China not excepted—the questioning of the soundness of the victorious century-old "double-faced" British Diplomacy and finally, but not the least, the indictment of the most notorious international treaty of our age—the Treaty of Versailles—the source of all iniquities. Regarding the Versailles Treaty, Colonel House, the confidential advisor to President Wilson during the last World War, had the unparalleled honesty and courage to declare recently that the reason for the unconditional insistence of Germany, Italy and Japan upon the idea that they should be given a proper share of colonies was that they failed to receive such at Versailles. Thus I get the unmistakable hunch that a World War will break out shortly and that it will inevitably wake up the Imperialist Powers to their reluctant recognition of the fact that the limit of their sovereign power over the weaker nations cannot be sky-high and that the weaker nations will have to unlearn their habitual dependence on God and man. They must learn the great truth that in order to be self-dependent it is necessary to depend on armed force in the same degree and kind as their protector nations make use of. They thereby assume an equal share of the responsibilities and privileges incidental to the enforcement and maintenance of world order in time of peace as well as in time of war. Because of the depravity of human nature this may take ages to achieve, but it is bound to be the cure of all the ills of humanity today unless the hare-brained portion of humanity clings to the blasphemy of peace without war as preached by the feebleminded fanatics or the running dogs of imperialism through such organizations as the League of Nations, Peace Foundations of various origins and the Pan-Pacific Relations Institute, etc.—which are just as ridiculous and impracticable as "trying to plant potatoes in Mars" if not more so—*Vide*, the armament expenditure of Japan, Britain, America and France in comparison with their total national expenditure for 1935 in percentages respectively is as follows: 46.30%, 13.57%, 18.14% and 21.57%. This situation represents a tragedy in the gullibility of human nature which, if not coupled with that saving grace—the teachability of the same—would sink mankind into an unfathomable depth of misery and degradation. I shall handle this brief treatise with an imperialist turn of mind, but by a realist method of approach, in order to bring out the contending forces—imperialism versus imperialism, self-determination versus imperialism, and self-surrender versus imperialism—into the clearest relief for purposes of contrast and emulation by the self-determined peoples to struggle unflinchingly for the glorification of the cause of permanent peace at any cost, as against the camouflaged peace of the Imperialists by treaties and pacts violable as regards themselves but inviolable by others.

The League of Nations—A Low-Grade Humor

The League of Nations is cowardice itself because it has proved itself a trickster of right and a shyster of wrong on account of its habitual collapse at the most crucial moments —*to wit*—the Japanese military invasion of Manchuria in 1931, the German demand for re-armament in 1934, Japan's break-up of the Naval Conference this year by its insistent demand for naval parity, and the present Italo-Abyssinian Dispute. All of the above have either accomplished and are going to accomplish their purposes, either tacitly or openly by quitting the League; but none of the smaller nations has received any mentionable assistance in their pleas for justice so far by joining it—*vide* China and Abyssinia. The late Will Rogers attributed the causes of China's present predicament to two factors, namely, that "The missionaries taught China to trust in the Lord while her own foreign educated statesmen taught her to trust in the League of Nations." The result has been China's Foreign Policy of Self-Surrender to Japan. Abyssinia, fearing the ineffectiveness of the Tripartite Agreement of 1906 guaranteeing her *status quo*, contrived the idea of entrance into the League of Nations as a safer guarantee of her *status quo* in 1923, but there came this Anglo-Italian Agreement of 1925 for acquisition by them mutually of concessions in Abyssinia—regarding which Abyssinia protested to the League with no avail. Since the death of President Wilson, the founder of the League of Nations, and the signing of the Versailles Treaty, England and France have become practically the owners of Africa and the League of Nations—two comic pairs of Siamese twins in Europe—inseparable in thought and in action. Lord Riddell, in his *Treaty of Versailles*, described vividly the tragic scene and the personalities present at the ceremonies which handed this wicked treaty to the Germans, represented by Count Brockdorff-Hentzau ("whose face was covered with beads of perspiration."). "Clemenceau inquired whether any one wished to speak. Thereupon Brockdorff-Hentzau put up his hand like a schoolboy. The Count's manner seriously annoyed the Allied delegates. Clemenceau impatiently tapped the table with an ivory paper knife. President Wilson impatiently toyed with a pencil. Lloyd George pressed his paper knife on the table with such vigor that it broke." This little story exposes eloquently the criminal character of the Treaty and the guilty conscience of its makers. So would this last straw—The Italo-Abyssinian Dispute—break the back of the League of Nations for good if it should try to apply the League sanctions to it on the instigation of Britain, for an evident selfish purpose, viz., the preservation of her colonial interest in Africa and of her already mutilated supremacy in Europe which Mussolini, the ablest constructive statesman of our time, is determined to rival, for the glorification of his New Roman Empire and for the solution of his national problems—teeming population and lack of economic resources and incidentally for the purification of this international political inferno—the League of Nations. Emerson once said that "Your action speaks so loud that I cannot hear what you say." So, unless and until the League of Nations can do a miracle to retrieve itself by way of making it truly an international body for the highest and best interests of mankind plus an adequate armed force for the enforcement of its principles as explicitly expounded by its founder—President Woodrow Wilson—its future would be darker and its present function would be nothing more or less than an incubator of sin against God and man.

Abyssinia—A Noble Example of Self-Determination

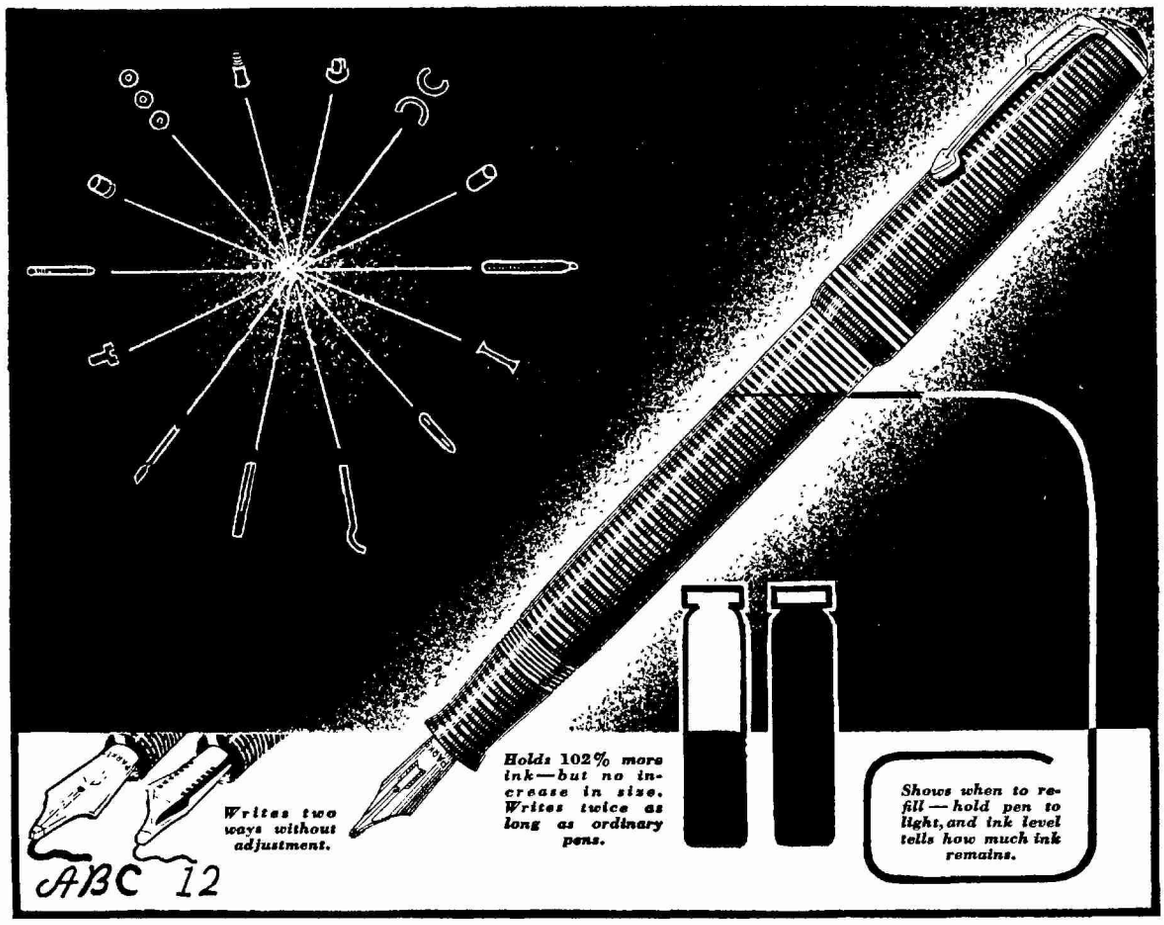
The political history of Africa is, like the political history of Asia, inundated with crucifixions by foreign aggressions since the white race—supposedly represented by Britain, France, Russia and America—claimed to possess the earth in terms of military force, but not by the consent of the oppressed. Here lies the image of the possibility of a more wholesome rearrangement of the world order—Abyssinia—a silver lining on the clouded horizon. From the standpoint of natural resources Abyssinia is a tropical storehouse of coal, iron, copper, oil, cotton, sugar and grain and politically it is an anarchic land where society is based on chattel slavery, where roads and bridges do not exist and where, outside the few isolated towns, rock salt passes as money. Nevertheless, it exists as an independent sovereign nation, may be by virtue of its God-given sense of duty towards itself, but largely on account of the international rivalry there. So, when there is an open clash between imperialism and neo-imperialism, there comes the needed inspiration for and the awakening of that dormant spirit of determination for self-preservation. Thus the Emperor of Abyssinia once more assured the people of Europe, and of other peoples besides, of Abyssinia's readiness for a peaceable solution of the conflict with Italy. But at the same time he stressed his country's determination to reject all demands directed against Abyssinian independence, in view of the challenge as expressed by the famous Youssouf El Hazim in the Arabic tongue in his anti-British speech broadcasted from Bari, an Italian port on the Adriatic. Thus he declared that "The whole world knows that Italian colonial action is beneficial, and everyone knows that Islam suffers under British domination in Egypt and Palestine". He expressed Italy's determined intention to subjugate Abyssinia on the following grounds, namely, Italy and Abyssinia are not on the same footing because of Abyssinia's failure to abolish slavery; failure to abide by the pledges to the League of Nations; and because of Abyssinia's constant hostility to Italians there despite existing treaties. The Abyssinian Emperor in his proclamation exhorting his population to remain calm declared that "Airplanes cannot destroy the earth, that tanks cannot climb mountains and that the use of poison gas is forbidden by international treaties; so be not panic-stricken. Abyssinia will fight to the last breath for her freedom and would prefer death to slavery!"

In my pondering over this noble-minded and blood-stirring proclamation I am driven to the conclusion that if intelligence plus education fails so utterly in its sacred task of quickening any nations' sense of honor and of self-respect I would rather anticipate the resurrection of that crudest statesmanship—"the burning of books and the strangulation of scholars"—by Emperor Ching Shi of the Ching Dynasty of China around 200 B.C.

The Italo-Abyssinian Dispute—A Tinder Box

The Italo-Abyssinian Dispute is a tinder-box because practically every nation in Europe, plus Japan, is more or less involved in this melee and because every nation suspects every other nation's motive and because every nation has its specific fear and hope directly or indirectly connected with this Dispute. Of course England has most to fear from the break-up of the continuity of her diplomacy; hence her minus-hegemony in Europe. In general the determining factors in foreign policy are admittedly geographical position and the historical development of each particular nation. It would be most fitting and illuminating to the topic under discussion if I just indicate briefly the permanent bases of the foreign policies of the leading Powers today and of their foreign policies in vogue. In the book "Foreign Policy of the Powers" its various authors of repute unanimously agreed that "National policies despite variations of the moment conform to a pattern not dictated by personal inspiration or sudden maneuver but by continuity of material and psychological factors" :—to wit :

As long as there has been any French Foreign Policy at all France has held to the principle that no unified Power must be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allowed to grow up in Central Europe. The main object of Soviet Diplomacy is peace and neutrality as manifested in armament reductions and non-aggression Pacts and as derived from the basic fact that imperialism is unable to solve the great problems which mankind has to face today. Viscount Ishii said that "Since the middle of the 19th century Japanese diplomacy had two objectives, viz., equality and security. The problem of security has for seven decades been the absorbing problem of the nation and will evidently remain such for long years to come" England's strategy has been to peg the Eastern Hemisphere and Europe's hegemony by an alliance with the second strongest Powers *vide* the Pro-German and Pro-Japanese coloring of her Foreign Policy today. Of course there is no morality in diplomacy or politics; but in the long run morality must have its "sway" and the aftermath of the "sway" which this Italo-Abyssinian Dispute tangibly uncovers.

After this close-range review of some of the high spots of the foreign policies of some of the leading Powers it becomes evident that foreign policy is a function of domestic policy and that there is such a thing as Power Politics which may be ugly, but which cannot be played with scruples, niceties or regard for social precepts—international interdependence, co-operation, etc.—because power politics and social morality are mutually exclusive, and power politics has definite rules to go by, namely, armaments (land, naval and air forces) diplomatic stratagems and alliances. To embark on power politics without following its accepted rules is surely stupid and suicidal. Whether China is qualified or not for this game of power politics is not the question; but whether China is playing it correctly or not is an imperative problem, requiring China's serious and entire attention. However, under present exigencies China's participation in this game of power politics is simply inescapable, so she is manipulating it in her own fashion; hence the Shanghai Truce and the Tangku Truce. Once embarked on there is no choice as to methods. So beware!

(To be Concluded Next Week)

U.S. War Secretary Dern Due Here October 21

The Ministry of Foreign Affairs at Nanking is in receipt of information that George Dern, Secretary of War of the United States, is expected to arrive in Shanghai from San Francisco on October 21 aboard the U.S. cruiser *Chester*. He is expected to stay in Shanghai for three or four days. He is also expected to call on Chinese Government leaders in company with Nelson Johnson, American Ambassador to China. The American War Secretary is scheduled to leave China for Manila by the end of October to participate in the inaugural ceremony of the Independent Government of the Philippines on November 15 and according to previous reports will stop over at Hongkong and make a visit to Canton.

Tokyo messages stated that Mr. Dern, United States Secretary of War, will receive a "royal welcome" f om Japan when he passes through there.

Italian Bombers Fly Over Ethiopian Frontier—Britain Asks France to Define Stand

IN a letter handed to the French Ambassador in London Sept. 26 by Foreign Secretary Hoare the views of the British Government were enunciated, in reply to the inquiry from Paris concerning the future application, by Great Britain, of the sanctions provided for in the Covenant of the League in the event of its violation or resort to force in Europe.

The Government and people of Great Britain, it was stated, believe that the League of Nations represents the sole hope of avoiding the senseless disasters of the past and ensuring future world peace by collective security; but the League's faith and action in support of its ideals must be collective.

The reply drew attention to the speech made by Sir Samuel at Geneva on September 11, particularly his declaration that "Britain stands for the collective maintenance of the entire Covenant, especially for steady collective resistance to all acts of unprovoked aggression."

The letter welcomed the opportunity to repeat, with full reponsibility, Sir Samuel's statement at Geneva that it is to the principles of the League, not to any particular manifestation of them, that Britons have demonstrated their adherence. Any other view would forthwith be to underestimate British good faith and would be an imputation against British sincerity.

Britain Asks France to Define Stand

Great Britain has asked France to define her attitude if any nation attacks Britain, it was officially announced in Paris, Sept. 30. The French Cabinet was scheduled to meet during the week to decide the answer to the question. Observers in London believed that France will promise automatic military and naval aid to Britain under the terms of existing treaties.

Italians Expected to Make Drive on Lake Tana

Telegrams from Addis Ababa indicate that the Italian army intends to drive directly southward from Eritrea toward Lake Tana, the key to Great Britain's irrigation project in the Egyption Sudan. They are reported concentrating along a 60-mile salient, jutting triangularly into Ethiopia from the western extremity of Eritrea and directly bordering on the Sudan.

Italian Bombers Fly Over Ethiopian Frontier

Italian bombing airplanes are flying over Ethiopian territory every day, and machine-gunners and artillerymen are firing on the country regularly, the Ethiopian Foreign Office declared in an official communique Sept. 30. The communique indicated that hostilities are believed to be imminent. Ethiopian guerilla warriors have been instructed to avoid pitched battles, and merely to snipe on the Italian troops, later infiltrating into the Italian lines to create panic.

The Italian drive into Ethiopia must parallel the Sudanese border as the advance would be toward Gondar to a point twenty miles north of Lake Tana.

It is also believed that the Italians may launch three attacks simultaneously. One of the drives, it is believed, will be made from Assab, the second from Asmara, in central Eritrea, and the third from Italian Somaliland, which borders southern Ethiopia. Asmara is almost directly north of Adowa and Addis Ababa, about 75 miles distant from the scene of the Italian defeat in 1896 and roughly 450 miles north of the Ethiopian capital.

Ten Thousand Troops Sail from Naples in One Day

The largest consignment of troops so far sent in a single day left Naples Sept. 28, when over 10,000 men sailed in five troopship. Meanwhile, 70 tanks have arrived in said Italian port from Bologno for transhipment to Africa.

Ethiopian Emperor Signs Mobilization Order

Emperor Haile Selassie Sept. 29 gave notice to the League of Nations that he intends to order an immediate general mobilization. It is believed that in due course the Ethiopians will number an army of close on to a million men. The Italians will have an army in East Africa of about 250,000 fully equipped. "Ethiopia," the Negus declared in a telegram to Geneva "cannot any longer delay a general mobilization in the face of the continual stream of troops being sent to reinforce the Italian armies in Africa." "I must ask the League Council," the message adds, "to take, as soon as possible, all measures and precautions against Italian aggression, for the time has come when we would be failing in our duty if we delayed a general mobilization any longer. However, this will not affect our earlier orders to keep our troops a distance of 30 kilometres from the frontiers, and we renew our determination always to collaborate closely with the Council in the hope that a peaceful settlement of our dispute with Italy will be reached under the Covenant."

Radek on Great Britain and the Italian-Abyssinian Conflict

In an article in Moscow *Izvestia*, Sept. 25 Karl Radek, Soviet journalist pointed out that the Italian-Abyssinian conflict has developed to the extent of a general conflict between Italy and Great Britain. "However," says Radek, "this conflict may end at this stage with the realization by Great Britain that the danger menacing her power on the part of Italian imperialism is a fact which will affect the international situation."

French Cabinet Holds Urgent Meeting

Paris was astounded by the decision of M. Francois Pietri, the Minister of Marine, not to participate in the launching of the battle-cruiser *Dunkerque* at Brest on October 2—the first French capital ship since the War. M. Pietri said he thought the hour was not well chosen. "As far as we are concerned," he declared, "there are times when action should dispense with noise."

He added that he would be detained in Paris at the time of the ceremony by "a series of ministerial conferences and meetings of certain gravity, in which the presence of the Minister of Marine seems indicated."

M. Pierre Laval, the Premier and Foreign Minister, privately advised all ministers to be prepared to attend an urgent meeting of the Cabinet.

This was associated with the belief that Great Britain has submitted a questionnaire concerning the attitude of France in the event of an unprovoked Italian attack against the British fleet and other naval contingencies.

Permanent Policy to Avoid War Wanted by U.S. Veterans

A constitutional amendment permanently to give the United States a policy of neutrality and which would "clearly define America's refusal to participate in any treaties which in any way would invite the possibility of war," was demanded by the Veterans of Foreign Wars at their convention in New Orleans, Sept. 20. The demand was made in the form of a resolution passed by unanimous vote of the veterans. The V.F.W. also called for a policy which would provide for the automatic imposition of an embargo on all shipments of munitions to belligerent nations, and would repudiate the responsibility for the protection of American investments in foreign countries.

United States Makes Certain War Exports Subject to License

President Roosevelt issued a proclamation Sept. 25, giving a list of the implements of war for which export licenses must henceforth be obtained and which may be banned entirely in the event of war. The list was drawn up and approved by the National Munitions Control Board at its first meeting on Tuesday. Raw materials suitable for manufacture into munitions are not included in the lists, which comprises: Rifles and machine guns of all classes, ammunition of all types, war vessels, including aircraft-carriers and submarines, aircraft, assembled or dismantled, designed for fighting, utilizing guns or dropping bombs; aircraft engines, mustard gas, and flame throwers.

The Department announced Sept. 26 that, in the event of war, a fresh list of proscribed articles would be issued, and that the later compilation may not conform to the present one.

Japan May Modify Demand for Navy Parity

A Tokyo dispatch printed in the *Chicago Tribune* of Aug. 23 stated that a vigorous restatement of Japan's naval limitation policy, soon to be handed to the British government, may indicate the possibility that Japan would recede from her demand for absolute parity with Great Britain and the United States. It was indicated, however, that Japan will insist on a common upper limit on tonnage for all naval powers, as a matter of principle. It was learned officially that Britain's recent communication to other Washington treaty signatories [the United States, France, and Italy was not actually an invitation to a conference, but was in effect an invitation to each government to state its views on naval disarmament problems.

Oil Concession in Abyssinia Granted to U.S. Financier

After a prolonged conference in London, Sept. 22, between Leo Chertock, American financier, and the Abyssinian Minister to London, Dr. Martin, the latter announced that complete agreement had been reached on the terms of concession of an area in Ethiopia to be developed by American capital. The grant secured by Mr. Chertock, Dr. Martin specified, was property belonging to him personally and involved an area of about 110 square miles containing rich gold and platinum deposits, located in the province of Wallega in western Abyssinia. Mr. Chertock told a *Havas* resprentative that he represented American capital and would try to form a development company to exploit Dr. Martin's land.

CHINA INTERNATIONAL FAMINE RELIEF COMMISSION

1935 Kiang-Ho Flood Relief Fund

Floods in China this year are bringing misery and suffering to millions of people. The Upper Yangtze and Yellow River valleys have overflowed simultaneously, inundating no less than 150 counties in eight provinces of China.

The inhabitants of the stricken areas must be cared for. They must have food and shelter against the coming winter. Though the individual cost is low, many hundreds of thousands will require huge sums. This necessary money cannot be entirely supplied by the local governments, though they are doing all that they can. If you have not yet given your contribution, will you sign the blank below and send it to us at once?

To Income Production Dept.
C. I. F. R. C.
Room 401, 505 Honan Road
Shanghai (Telegraphic Adddress: YAREL)

Desiring to have a share in helping the hundreds of thousands of flood victims this year I hereby enclose a check or postal money order for Dollars ..... as my contribution towards the Kiang-Ho Flood Relief Fund, for which sum please issue a formal receipt.

Signed .....

Address .....

Will America Seek a Pacific Security Pact with Japan?

The Tokyo *Yomiuri* Sept. 13 printed a special dispatch from New York as follows: "The United States is likely to propose to Japan a new pact for Pacific security. America will sound Japan on this matter shortly. The following changes are expected to arise (as a result of Italo-Ethiopian dispute) by American naval authorities: (1) Controlling power of British Navy in Mediterranean Sea will be much curtailed as a result of Italy's military operations, and as Britain's Indian route will be blocked by Italy's Air Corps, British Oriental fleet will be isolated; (2) The French Navy, in order to avoid complications with Britain and Italy, will shift its Central Naval force from the Mediterranean to the British Channel; (3) Germany will try to make advances to Britain and France with restoration of former African territory as condition, and will go ahead for construction of a big fleet. Roosevelt wants peace with Japan and Vice-President Garner is likely to begin formal negotiations with Japan for the conclusion of a Pacific security pact.

Amendment to U. S. Court Act Provides for a Temporary Judge

The text has been received in Shanghai of the amendment to the Act creating the U. S. Court for China, signed by President Roosevelt recently.

Section 10 states that the judge of the Court is authorized to appoint, as in the District Courts of the United States and with similar powers and tenure of office, a United States commissioner, who shall in addition to his other duties be judge of the consular court for the district of Shanghai, with all the authority and jurisdiction exercised prior to June 3, 1920, by the vice consul at Shanghai. In the event of a vacancy in the office of said commissioner or the disability or disqualification or absence of said commissioner, the judge of the Court may appoint the clerk of said court temporarily to perform the duties of commissioner and judge of the consular court for the district of Shanghai without additional compensation therefor.

Section 11 provides that President may appoint a special judge of the United States Court for China to act temporarily when necessary:—(*a*) During the absence of the judge during any period of disability or disqualification, from sickness or otherwise, to discharge his duties; or in the event of a vacancy in the office of judge.

Chinese Banks Are Again Ordered to Register

Official registration of all banks has again been ordered by the Ministry of Finance in a circular order to the Provincial and Municipal Governments. While many banks have already registered with the Government, others however have not yet done so, the order points out. To tighten Government supervision over the banks, the Provincial and Municipal authorities are enjoined to instruct the banks to register with the Ministry without further delay. With regard to registered banks which have issued notes without proper authorization from the Government, those which have already issued notes should be instructed to withdraw them from circulation immediately. Any bank which issues notes in defiance of this ruling will be dealt with in accordance with law.

Dr. Yen's Niece Makes Vigorous Plea on Behalf of Women at Geneva

Mrs. Hilda Yen Chen, a niece of Dr. W. W. Yen. Chinese Ambassador to Soviet Russia, speaking on behalf of China at a debate on the status of women, said in Geneva, Sept. 10: "Give women the chance of half a say in the world, and we might see better things. The present state of affairs could not be worse." After describing the new system of jurisprudence in China, which was giving women equality, she appealed to the "gentlemen of the Occident to share their legal rights graciously and chivalrously, and not to force women to wrestle equality from them."

1,443 Chinese Students in North America

A total of 1,443 Chinese students are now pursuing higher studies in the United States and Canada, according to figures released by the North American Chinese Students Federation. Of this number only 61 are studying in Canadian colleges while the remaining 1,382 are in the United States. Engineering, according to these figures, is the most popular subject of learning with Chinese students, with business management a close second.

Last of British Claims for Nanking Incident Is Paid

The final payment ($19,600) on the British claims in connection with the Nanking Incident of 1927 was remitted to the British authorities by the Ministry of Finance last week.

The Threatening Situation in Europe—A "Good Chance" for Japanese Aggression in China

BY C. Y. W. MENG (孟 昭 水)

MAJOR-GENERAL HAYAO TADA, commander of the Japanese forces in North China, in his interview with the newspapermen in Tientsin declared that North China would be broken off from the "Nanking yoke", etc. His straightforward declaration might mean frankness, but it might also mean that the situation in North China is already such that the Japanese militarists just simply admit that it is the case. Indeed, the creation of a "new political organization in North China, politically and economically unconnected with the Central Government", and the creation of a "paradise of harmonious Sino-Japanese relations based on the principle of 'live and let live' in an area where such a policy could most easily be applied, and its gradual extension to other parts of China later on", etc., were all predicted, not with probability but with certainty, not by the keen observers of the current events, but by every layman, long ago, when China agreed to accept the Japanese demands wholesale. So Major-General Tada's declaration comes as no surprise to us.

It is indeed most curious that a major-general, genereally speaking, not a high official in the military ranks, could openly curse one of the highest military authorities in China; and actually demand the "overthrow" of the Chinese authorities and their faction; and further, could make such a declaration, which amounts to nothing short of sedition and alienation of the Chinese territory from China, with whom the Japanese nation maintains friendly relations! It constitutes a total disregard of all international usage and courtesy, and it is conclusive evidence of the barbarity and rudeness of the Japanese militarists, who have either gone "amuck" or know nothing about international etiquette!

The "21 Demands" Recalled

Those who have studied Sino-Japanese relations closely will realize that the present general situation in the world as well as that in Japan is precisely the same as that existing right after the outbreak of the World War of 1914. The outbreak of the Great War in the summer of 1914 had an immediate and important effect upon the Far East. In the first place it removed the pressure of Great Britain upon the Young Republic over the Tibetan question and that of Russia in Mongolia, but at the same time it gave a "good chance" to Japan to have a "free hand" in China, when Great Britain, Russia, etc., were too busy with their life-and-death struggle with the Allies.

Shortly after the outbreak of the World War there appeared to have been presented to the Japanese government what was known as the "Memorandum of the Black Dragon Society" (this Society is still in existence in Japan today), the contents of which remind one strongly of the writings of Lords Hotta, Tani, and Hayashi. "The present gigantic struggle in Europe has no parallel in history," remarked the authors of the memorandum. "Not only will the equilibrium of Europe be affected and its effect felt all over the globe, but its results will create in the political and social world a new area. Therefore, whether or not the Imperial Japanese Government can settle the Far Eastern Question and bring to realization our great Imperial policy depends on our being able skilfully to avail ourselves of the world's general trend of affairs so as to extend our influence and decide upon a course of action towards China which shall be practical in execution. If our authorities and people view the present European war with indifference and without deep concern, merely devoting their attention to the atatck on Kiaochow, neglecting the larger issues of the war, they will have brought to nought our great Imperial policy, and committed a blunder greater than which cannot be conceived. Now is the most opportune moment for Japan quickly to solve the Chinese Question. Such an opportunity will not occur for hundreds of years to come. Not only is it Japan's divine duty to act now, but present conditions in China favor the execution of such a plan. We should by all means decide and act at once". Then follows in detail the outline of "a defensive alliance with her under secret terms", by which Japan might gain financial, military, and political control over her neighbor.

Today, we find the same situation exists. The Emperer of Abyssinia is already reported to have given the order of mobilization while Italy is also reported to have got impatient. The Committee of Five has already failed to do its task, while the end of the rainy season has already cleared the way for the outbreak of war. The so-called "principal powers" of the world have again found themselves very much vexed by the European situation, and all their statesmen and diplomats have to work day and night on European questions, and they have to forget all about the Sino-Japanese crisis or the situation in the Far East. So here is another "good chance" for Japan to have a "free hand" in China! So here is the "most opportune moment for Japan quickly to solve the Chinese Question!"

On the eve of the outbreak of the World War, Japan was then dominated by the militarists. It was largely due to their successful conduct of the wars with China and Russia,and to skilful absorption of territory in the Pacific and on the Mainland of Asia, that the militaristic, oligarchical, and bureauratic leaders of Japan had been enabled to control the destinies of the country in practical defiance of a steadily growing demand for liberal and democratic government with reduction of the naval and military expenditures. Today, we find Japan is also completedly dominated by the militarists, It is due to their ability to wrest one province after another from China, in rapid succession, mostly without "firing a single shot," that has enhanced the prestige of the Japanese militarists, and has encouraged them to go on with further aggressive actions in China in total defiance of the world public opinion and that at home. In the past, the Japanese militarists demanded a "defensive alliance wtih China". Today, they demand the same, but under various high-sounding names, such as Sino-Japanese economic co-operation, etc., by which Japan intends to achieve the same thing. That is to gain "financial, military and political control of China."

The Usual Japanese Denials—"No Territorial Design"

Marquis Okuma, the then Premier of Japan, on the day when his government despatched the ultimatum to Germany (August 15 1914) sent a telegram to be published in the United States by the East and West Bureau of New York,a semi-official Japanese news service in America: "Japan's proximity to China breeds many absurd rumors, but I declare that Japan acts with a clear consicence, in conformity with justice, and in perfect accord with her ally. Japan has no territorial ambition, and hopes to stand as the protector of peace in the Orient." Continiung, the same premier said: "As premier of Japan, I have stated and I now again state to the people of America and of the world that Japan has no ulterior motives, no desire to secure more territory, no thought of depriving China or other people of anything which they now possess. My government and my people have given their word and their pledge, which will be as honorably kept as Japan always keeps promises." So Major-General Tada also declared, in his 7-chapter booklet that "Japan has no territorial ambition in China,and that any view to the contrary runs foul of the policy of the Japanese military authorities in North China." Whether the Japanese "promise" is always a promise, or whether Japan "always keeps promises," or whether Japan has any "territorial ambition in China," we will leave the world to answer.

The same premier dictated to the editor of the *Shin Nippon* his statement: "Those who are superior will govern those who are inferior. I believe that within two or three centuries the world will have a few great governing countries and others will be governed by them, will pay homage to their might . . . For instance, England, Russia, Germany, and France may be such countries. We should, from now on, prepare ourselves to become a governing nation." The same "racial superiority" is still being cherished by the Japanese today. So Major-General Tada, throughout his interview, always attempted to show that China is "incapable" of governing China, so, to him, the Japanese, the "superior" should come to organize another political organization, politically and economically unconnected with Nanking, etc.

Shantung Again to Be Lost to Japan

By "North China," the Japanese militarists would certainly include the Province of Shantung, though by geographical location, it is one of the central provinces. These who have been in Tsingtao, China's famous summer resort, this summer, would know better the critical situation of the Province. The writer of this article was told by his friends who had just returned from Tsingtao that "when we go to Tsingtao next summer (1936) we might have to secure first the hu-chao (passport)!" What is meant by this sentence is self-explanatory and needs no further explanation by us!

Shantung Province, with Tsingtao as center, bids fair to eclipse Shanghai in cotton spinning. There are already six big Japanese mills in Tsingtao. Secondly, China promised before to pay for the Chiaochow Railway to Japan. But, as far as we know, China has not paid any cash, neither the capital nor the interest. So Japan could bring up again the "Shantung Question" at any time, when they decide to incorporate the Province of Shantung —"the Holy Land in China"—into the "new political organization in North China, politically and economically unconnected with Nanking." In demanding to form the socalled "Sino-Japanese economic co-operation," Japan had already demanded the right to construct the "Chung (Chungchow)-Shih (Shihkaochung) Railway," thus connecting Tientsin-Pukow and Peiping-Hankow Railways, for "the development of North China" (See "The Sino-Japanese Economic Cooperation in Shape" by the same writer in a previous issue of *The Review*). That is, Shantung which was taken back only after prolonged negotiations, would be lost again to Japan!

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st July, 1934 and until further notice.

Down Trains										Up Trains							
41 Slow D 1 2 3	301 Ex. S D 1 2 3	1 Ex. S D 1 2 3	305 Ex. S D 1 2 3	23 Fast D 1 2 3	5 Ex. D 1 2 3	21 Ex. S D 1 2 3	3* Ex. S D 1 2 3	MAIN LINE STATIONS		302 Ex. S D 1 2 3	22* Fast D 1 2 3	42 Slow D 1 2 3	4 Ex. S D 1 2 3	24 Fast D 1 2 3	2 Ex. S D 1 2 3	306 Ex. S D 1 2 3	6 Ex. D 1 2 3
5.45	15.05	8.45	18.50	13.15	16.30	20.15	10.55	dep.	Peiping - - -	arr.	10.24	11.29	17.55	18.42	23.17	9.18	8.19	11.50
6.20	15.36	9.13	19.20	13.46	—	20.48	11.24	,,	Fengtai - - - -	dep.	9.54	10.55	17.21	18.15	22.48	8.47	7.49	—
7.45	16.40	10.21	20.26	15.01	—	22.08	--	,,	Langfang - - -	,,	8.50	9.26	15.43	—	21.34	7.45	6.43	—
9.16	17.50	11.28	21.39	16.30	19.07	23.38	13.32	,,	Tientsin Central	,,	7.40	8.03	14.14	16.05	20.11	6.39	5.30	9.15
9.25	17.59	11.36	21.48	16.39	19.15	23.47	13.40	arr.	Tientsin East -	dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
9.35	18.20	11.50	22.20	16.55	—	24.00	13.50	dep.	,, ,,	arr.	7.05	7.36	13.46	15.40	19.50	6.15	5.50	
10.38		12.47		18.03	Stop	1.10	14.47	,,	Tang-ku - - -	dep.		6.31	12.46	14.45	18.51	5.11		
11.46		13.45		19.08		2.18	15.40	,,	Lu-tai - - - -	,,		5.26	11.41	13.48	17.43	4.08		
12.52	FOR SHANGHAI	14.42	FOR PUKOW	20.11		3.32	16.39	,,	Tang-shan - -	,,	FROM SHANGHAI	4.15	10.30	12.50	16.37	2.58	FROM PUKOW	
13.39		15.17		20.47		4.20	17.14	,,	Ku-yeh - - - -	,,		3.30	9.44	12.18	16.05	2.16		
14.29		15.49		21.21		5.12	17.46	,,	Lanhsien - - -	,,		2.32	8.45	11.39	15.22	1.18		
15.32		16.31		22.11		6.18	18.28	,,	Chang-li- - - -	,,		1.29	7.40	10.58	14.37	0.19		
16.16		17.04		22.46		7.07	19.01	,,	Pei-tai-ho - - -	,,		0.39	6.54	10.27	14.00	23.31		
16.43		17.23		23.08		7.33	19.20	,,	Chin-wang-tao -	,,		0.01	6.25	10.04	13.35	22.59		
17.05		17.40		23.26		7.55	19.37	arr.	Shan-hai-kwan -	,,		23.30	6.00	9.45	13.15	22.30		
		18.40						dep.	,,	arr.						21.26		
		16.25						arr.	Shenyang (Mukden)	dep.						10.15		

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares :— Passengers must get Station Master to endorse ticket in connection with which they intend to claim refund.

No. 3 and 22* Temporary suspended.

Tientsin, 1st July, 1934.

BY ORDER.

Nanking Should Wake Up!

All these are plain facts. But, strange to relate, some of the Nanking leaders, in their discussion about the present situation, are still talking about whether or not China should remain "neutral" or join the war when another European War breaks out. To us, this is not the important question. The pressing problem before us is that, in the past, Japan took advantage of the World War to present China with the infamous "21 Demands", the story of which is still vivid in our minds. This time, Japan is sure to take advantage of the threatening situation in Europe to present us not only with another "21 Demands" far more harsh than the first, but also engage in further actual military actions to enforce her demands. How to face such a situation is a question which we are very anxious to have the answer from our leaders in the Government. It is more than certain that as soon as the situation in Europe becomes more critical, the Japanese military action in China will become more aggressive then before. This is because, as it was the case before, by that time the principal powers will be too busy with European affairs to be interested in Sino-Japanese relations and the Far Eastern situation; and by that time, it would be impossible for China to enlist any assistance from any power to cope with the situation. Japan thus has another "free hand" in China! So Major-General Tada's declaration does not come as a surprise to us, but it does remind us of the recurrence of our bitter experiences after the outbreak of the World War of 1914. History is to repeat itself!

Nanking, September 18, 1935.

The Pressing Economic Problems of China Today

(From the Chinese Economic and Statistical Review)

What most people in China consider as the pressing economic problems of the country consists of (1) the continuous exodus of silver, (2) the adverse balance of international trade, and (3) the bankruptcy of the rural districts. In fact, however, the first two are not really problems of the first magnitude, while rural bankruptcy, although it is a very important question, is an inevitable stage through which we must pass in the modernization of our national economy.

It is a great pity that those who discuss the silver problem have not paid enough attention to its effects on the general economic conditions of this country, but concentrate on the loss of the white metal alone. If the price of silver is further raised, we will suffer in this country worse economic depression than before, and the only solution which we may adopt is to go off the silver standard. After having gone off the silver standard, if we can manage the currency properly, and if the budget can be balanced, we would not feel any serious effect on our economic conditions, even were all the silver in the country shipped abroad.

Those who worry about the adverse balance of trade are even more truly mercantilists, whose doctrine has been exposed by many economists as of no value whatever. When a country is economically backward, and is in the process of being industrialized, the most important thing is to utilize foreign capital for its own economic development. However, the inflow of foreign capital will hardly take the form of specie import, but will rather give rise to an excess of commodity imports over exports. What we need in this country is modern means of production, such as industrial plants and machinery.

During such development of the country from a purely agricultural nation to an industrialized one, not only will there be an adverse balance of trade, but it is also to a large extent responsible for the bankruptcy of the rural districts. Most people who discuss our economic problems, because they do not see the inter-relations between rural and urban economy, worry over rural bankruptcy and at the same time are most anxious to maintain a high tariff to wipe out he adverse balance of trade. They do not know that these ideas cannot be reconciled.

New Currency System to be Introduced in Shansi by Gen. Yen Hsi-shan

In his instructions to the more than one hundred political workers in the province of Shansi, who will be engaged in political work in the campaign against the Communists, General Yen Hsi-shan has once more assured the people of the soundness of the new currency system, which is being introduced in Shansi.

According to General Yen, the coupons which will be issued by the provincial authorities to be used for the purchase of native goods within Shansi Province, are better than the dollars which the people have been accustomed to use. He further emphasized that the coupons are more soundly secured than the common papernotes.

In conclusion, General Yen declared that the new system will be introduced into the province, following its approval by the Central Government.

Central Trust of China Formally Inaugurated October 1

The Central Trust of China, chartered under a special mandate from the Central Government for the transaction of trust business, was formally inaugurated Oct. 1. The head office is at 126 Hankow Road, Shanghai. Under a board of directors headed by Dr. H. H. Kung, Minister of Finance, the Trust has Chang Kia-ngau as its managing director and, concurrently, general manager. The capital of the Trust is set at $10,000,000, which has been paid up in full by the Central Bank of China, with which institution it is affiliated.

The business of the Trust comprises the handling of savings and insurance of all public employees and service men, the purchasing of supplies for, and the underwriting of insurance of properties of, the government and public institutions, the issuance of premium savings bonds, and the transaction of trust business in general.

Japanese Cotton Mills Resume Work in Shanghai

As the result of the bumper cotton crop in China this year, the price of raw cotton has decreased and this has led the Japanese cotton mills in Shanghai to resume their work at full capacity beginning this month. The Chinese cotton mills will also increase their production. The Shun Hsin Cotton Mill is increasing its production by ten per cent.

Yunnan to Establish $1,200,000 Hospital

The Yunnan Provincial Government, at its meeting Sept. 27, decided to establish a Yunnan Provincial Hospital at a cost of $1,200,000. The meeting also decided to turn over to the Yunnan Provincial University the entire campus of the Shihhua Middle School. The Middle School is to be removed to the suburbs.

Enforcement of Revised Tariff Not Yet Decided Upon

In connection with the enforcement of the revised import tariff, which was reported in the Chinese press to take place on October 1, it is learned that the matter has not as yet been decided upon by the Ministry of Finance. In view of the fact that the new tariff, when enforced, will affect the receipts of the National Government, the Ministry is said to be still considering the matter and it is not likely that the new tariff will come into force in the immediate future.

Kiangsu Wolfram Production Increases Rapidly

The output of the wolfram mines at Tsungyi, Tayu, Nankang and Shangyu, southern Kiangsi, has been increasing rapidly of late. Arrangements have been made between the Provincial authorities and T. L. Soong, General Manager of the China Development Finance Corporation, for the joint operation of the mines. It is also reported that the China Development Finance Corporation is planning to invest in the exploitation of the coal mines at Taiho, Ki-an district, central Kiangsi.

Nanking Satin Industry at Low Ebb

The time-honored silk weaving industry in Nanking has of late fallen to such a depressing state that little hope is held for its early retrieving. The Nanking authorities are now devising other means to secure employment for the over 100,000 silk workers thrown out of work according to Ma Chao-chun, Mayor of Nanking. Little promise remains for the future of the once famous "Nanking Satin," said Mr. Ma, while what small number of workers still engaged in its making are facing threats of unemployment. To remedy the situation, the Nanking Municipal Government is making plans for the establishment of a woollen manufacturing association.

$40,000,000 Worth of Woollen Yarn Consumed in China Annually

More than 20,000,000 pounds of wollen yarn at a total value of about $40,000,000 have been consumed in China annually during the last few years. Of the total, only 10 to 20 per cent are of the China make; whereas the rest are imported from foreign countries. The leading Chinese woollen yarn producers are the Tungya and Yumin manufacturing companies in Shanghai. The annual output of the former company, it is reported, is valued at $3,000,000.

Chinese Government Takes Steps to Control Oil Trade

The Shanghai *Shun Pao* Sept. 30 stated that at the request of the Chinese oil merchants, the National Government is considering taking definite actions to control the import and sale of gasoline and other kinds of oil in China, as these products are considered highly important to the national defence and communication system of the country. As a first step, the Government will extend its control to the Chinese oil companies and increase the number of gasoline tanks owned by the companies and enlarge their business. In addition to importing foreign oil, the Government will open plants to refine crude oil in China.

Tea Leads in China's Exports---Morocco Is Principal Buyer

More than half the green tea exported from China during the first eight months of this year (January-August) went to Morocco ($6,438,804 out of $11,160,561). During the eight months out of a total covering all kinds of tea amounting to $18,972,418, Russia took $3,279,840 worth. Next to Morocco Russia is the best customer for Chinese tea. Russia takes almost entirely black tea, largely in the form of bricks. Morocco takes practically nothing but green tea.

Tea Cultivation in U.S.S.R. Is Growing

The cultivation of tea has been greatly extended in recent years in the collective farms of Transcaucasia. The Voroshilov collective farm will receive one million roubles this year for supplying the State with a high quality of tea leaves. This farm gathered more than 300,000 kilograms of tea leaves, of which 99.5 per cent are rated as first class.

Ten-Million-Dollar Telegraph Loan Being Floated

For readjustment and development of the Government's telegraph, telephone and radio enterprises, the Ministries of Finance and Communications have been jointly authorized by the National Government to float a loan to be known as the "24 Year (1935) Telegraph Loan of the Republic of China" to the amount of $10 millions. In connection with the readjustment of the telegraph service, it is learned that the Ministry of Communications has devised measures to develop telegraphic communication both in scope and speed. It is further stated that the project of constructing a large administration building to house all the organs affiliated with the Ministry of Communications so as to enable them to function under one roof has not been abandoned by the Ministry as previously reported in the press, and the construction work of the building will be started if surplus funds are available from these Bonds after deducting the expenses for its designed purposes.

China's Bankruptcy Law Now in Effect—Has Mediation Clause

The Chinese Bankruptcy Law, promulgated by he National Government on July 17 as one of he most important pieces of legislation enacted by the Legislative Yuan this year, came into effect as of October 1. The law consists of three chapters in 159 articles. The salient feature of the new law is the section providing mediation between creditors and debtors through the offices of the Chambers of Commerce. The law is radically different in certain respects from the first bankruptcy law which was promulgated and enforced by the Manchu Government in 1906, compiled by Dr. Wu Ting-fan and Dr. Shen Chia-peng. Because the law gave preference to foreign creditors, it was abolished a year after its enforcement.

Japanese Government Radio Expert Investigates Condition at Tientsin and Dairen

Following his his negotiations with the Chinese authorities on the question o- opening regular radio communications, Mr. Arakawa, Head of the Radio Communications department of the Japanese Ministry of Communications, is inspecting radio activities in Tsingtao and Dairen. The *Shanghai Mainichi* of September 24 mentioned that negotiations seem to have been started by the International Radio Station of China and the Shanghai Telephone Company; therefore radio telephone communication between China and Japan will not be realized in the near future.

District Chief Killed in North Kiangsu Land Tax Riot

In a riot started by a mob of 700 villagers of the 4th County in Suining district, northwestern Kiangsu, the Chief of the district Li Kai-ching, was shot dead Sept. 24 and eight members of the Peace Preservation Corps detained. The uprising was engineered by some of the rioters who object to the enforcement of the system of land reports, whereby the people are required to give particulars of the land they own to the district authorities.

Silver Dollars Rapidly Vanish from South China

Canton telegrams state that as a result of the silver purchasing program of the United States Government, the value of dollar papernotes has dropped considerably. One dollar papernotes, which are issued by Shanghai banks, are valued at only 80 per cent of the value of Kwangtung currency. Moreover, the circulation of the dollar papernotes is rapidly increasing, while the silver dollars are rapidly vanishing from the market.

Two Hundred Concerns Own Half of Wealth in the United States

About 200 companies, managed by approximately 1,000 directors, own one-half of the corporate wealth of the United States.

This estimate was submitted to the American Bar Association annual conference at Los Angeles last week by its Committee on Commercial Law and Bankruptcy. It does not include banks, and is submitted as an approximate estimate only—but as an important point of contact between the Government and the electorate which cannot be overlooked.

A small number of corporations exercise a dominant influence over price control and trade practices and virtually control the production and distribution of the country, the report continued. "By loans to these corporations the Federal Government is able, to a certain extent, to exercise control over them. The Reconstruction Finance Corporation has loaned to corporations as much as five million dollars. While this situation does not justify the prediction that ownership by the Government will be the ultimate result, yet the Government's position as mortgage creditor already approximates to partial control over many important properties."

Huge Expenditure of U.S. Government Criticized in Speeches at Chicago

Charles G. Dawes, former Vice-President of the United States and one of the nation's leading bankers, in a statement in Chicago Sept. 26 hailed the end of the depression and declared that his prediction of returning prosperity had already come true. He said that the devaluation of the dollar by the Roosevelt Administration had been of no assistance to economic recovery, and issued a warning that the unbalanced Federal budget was a potential danger to the national financial structure.

Huge expenditures by the Federal Government are paving the way for a gigantic credit inflation which will "blow the top off the world when it collapses," declared Lewis Douglas, former Director of the Budget, in an address before the annual convention of the American Mining Congress in Chicago Sept. 25.

Bread Wheat Chop in U.S. Considered Worst in 19 Years

Quality and quantity of the bread-wheat crop harvest in the United States this season are the worst in nineteen years, according to reports released by the Bureau of Agricultural Economics of the United States Department of Agriculture. The Bureau Sept. 29 estimated that the United States will have to import 35,000,000 bushels of bread wheat this year, the largest quantity since the 42-cent tariff was imposed in 1924.

Wei Wing-lock Death Caused By Drowning

An autopsy held in N. Y. Sept. 24 revealed that Wei Wing-lock, former Chinese Davis Cup star, whose body was recovered from the Hudson Liver, had been drowned. There was no evidence of foul play. Mr. Wei mysteriously disappeared after attending a dinner party at Greenwich Village.

U.S. Officers Appointed to Philippines Posts

Two American officers to be attached to the High Commissioner's office in Manila after the inauguration of the Philippines Commonwealth were appointed by President Roosevelt Sept. 19. Signing "recess" commissions, which do not require confirmation by the Senate, the President appointed Edward G. Kemp as legal adviser, and J. Walden Jones as financial expert to be stationed at the Commissioner's office after November.

Pacific Steamship Line Suspends After 70 Years Service

The Pacific Steamship Lines announced Sept. 12 the suspension of its coast-wise passenger service after 70 years of uninterrupted operation between the west coast ports of Seattle and San Diego, with stops at Portland, San Francisco, Los Angeles and San Pedro. The suspension was stated to be due to rising costs of operating the route.

Roosevelt Says He Will Come to Orient in 1937, if Elected

Senor Francisco A. Delgado, resident Philippine Commissioner in Washington Sept. 26 presented President Roosevelt with a set of wood carvings on behalf of the Philippine Boy Scouts who recently visited the capital on a sight-seeing tour. The President told Senor Delgado that, if he were re-elected in 1936, he intended to visit the Philippines in 1937.

Frank B. Kellogg Resigns as President of International Court

It was announced in Geneva Sept. 23 that Frank B. Kellogg, former American Secretary of State and U. S. Ambassador to the Court of St. James from 1924-25, had resigned the presidency of the Permanent Court of International Justice at The Hague.

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Japan's Military and Naval Leaders Browbeat Cabinet Into Issuing Another "Polity" Statement

JAPAN'S military and naval leaders are for the moment resting on their laurels, having browbeaten the Cabinet into accepting three conditions designed to settle the now famous Minobe issue. These stipulations, agreed to by the civilian ministers at a meeting Sept. 25, were as follows: 1.—The issue of a "final" statement clarifying the Government's stand on Nippon's national polity and the steps which it will take to suppress any unorthodox theories; 2.—The publication of a communique explaining why Dr. Tatsukichi Minobe, who in his books asserted that the Emperor was merely an organ of the State and not the State itself, was not prosecuted by the judicial authorities on a charge that his writings infringed upon the prestige of the Imperial family; 3.—The removal of all officials and educationalists who, at any time, advocated the "organ theory."

Submitting to the demands of the War and Navy Offices, Premier Keisuke Okada Sept. 25 agreed to issue another "final" statement clarifying the Government's stand on "national polity" and the steps which it will take in the future to suppress unorthodox theories. The Premier and the Ministry of Justice, it was announced, would issue a statement explaining why Dr. Minobe was not prosecuted by the judicial authorities. Both decisions were reached at a conference attended by the Premier; Gen. Yoshiuki Kawashima, War Minister; Admiral Mineo Osumi, Navy Minister; Naoshi Obara, Minister of Justice; Fumio Goto, Minister of the Interior; and Genji Matsuda, Minister of Education. The meeting was called by Admiral Okada, who reportedly feared that the discussion of the controversial question at a regular Cabinet session might result in holding up all other issues.

Cabinet Complies With Military Demands, Issues "Polity" Report

Complying with what was tantamount to a joint demand by the Ministers of War and of the Navy, the Tokyo Cabinet Oct. 1 issued a report on the steps it had taken to clarify Japan's national polity. The governmental declaration, generally regarded as a second statement of its stand on the issue brought to the fore by the now famous Minobe question, reviews the official efforts to stamp out unorthodox theories on the basic principle of the nation's structure.

Described in detail are the measures taken by the Ministry of Education towards lectures on the Constitution in colleges and universities; regarding the revision and abandonment of certain textbooks and concerning the summoning of special conferences of teachers. Also mentioned are the steps of the Judicial authorities and of the officials of the Ministry of Home Affairs towards the banning of certain books and the punishment of their authors and the compilation and distribution of material for the "correct teaching" of the Constitution.

The agitation, originally was aimed solely at Dr. Tatsukichi Minobe, noted authority on Constitutional questions, who first, was forced to resign as lecturer at three universities; then saw the sales of his three books banned, and finally on Sept. 18, relinquished his seat in the House of Peers, besides undergoing severe examinations by judicial procurators on three occasions.

Under the conditions agreed to by the civilian members of the Cabinet on Sept. 25, all officials who at any time in their careers held similar ideas to those of Dr. Minobe should be removed or allowed to resign. This would involve the dismissal of Baron Kitokuro Ikki, president of the Privy Council, and Tokujiro Kanamori, director of the Legislative Bureau of the Cabinet.

Tokyo Supreme Court Delays Verdict on "May 15" Case

The eagerly-awaited verdict of the Tokyo Supreme Court on the appeals brought by three of the most prominent defendants in the famous "May 15 case," scheduled to have been returned Sept. 26, has been postponed until October 24. Dr. Shumei Okawa, former president of the Jimmu Kai, a reactionary society; Shuzo Toyama, president of the Heavenly Action Society and the son of Mitsuru Toyama, Japan's leading reactionary; and Kenichiro Homma, director of the Shizan (Violet Mountain) Private School, were the defendants in the case linked with the assassination of Premier Tsuyoshi Inukai on May 15, 1932, by a group of Army officers and cadets. The three men were sentenced by the Tokyo Court of Appeals last year to seven, five and four years of imprisonment respectively, on charges of complicity in an illegal movement. Both the defendants and the prosecution filed appeals.

Tokyo Commerce Minister Warns Foreign Oil Concerns

An open warning was made Sept. 21 by Chuji Machida, Minister of Commerce and Industry, to the Foreign oil concerns that unless they comply with the provisions of the Petroleum Industry Law dealing with the compulsory storage of gasoline by June 30, 1936, his Ministry will take stern steps to deal with the offenders. The declaration was made at a meeting of the Oil Industry Committee, at which representatives of Japanese oil firms protested against the postponement of the enforcement of the storage regulations till next year. At the same time Mr. Machida admitted that a rise in gasoline prices was necessary on "economic grounds."

Japanese Import Crude Oil So as to Forestall Blockade

As an experiment to provide against an emergency, Japanese oil companies for some time have been importing crude oil from foreign oil companies not affiliated with either the Rising Sun Petroleum Company or Standard-Socony Vacuum Company. The emergency referred to (according to the *Asahi*) is a possible oil blockade which the two foreign oil companies doing business in Japan might carry out in protest to the Japanese Government's enforcement of the socalled six-month oil storage obligation.

Floods in Japan Take Huge Toll of Lives and Property

The human toll exacted by the severe typhoon of last week and the torrential rains which followed in its wake was stated by the Tokyo Home Office Sept. 27 to have been 230 dead, 195 missing and 84 injured. The material damages were enormous, as 75,974 buildings were either washed away or submerged and 199 bridges destroyed. The worst damage was caused along the Tone, Japan's largest river, which, swollen by continuous downpours, went on a rampage, wrecking houses, bridges and embankments and stopping highway and railway traffic.

Sagami and Luji Cotton Spinning Firms to Amalgamate

Agreement for the absorption of the Sagami Cotton Spinning Company, capitalized at Yen 6,000,000, by the Luji Gas Cotton Spinning Company, a Yen 45,800,000 concern, has been concluded between the direcors of the two firms. When the merger comes into effect on Dec. 21, the new company will become Japan's fourth largest cotton spinning enterprise, with a capital of Yen 500,000, of which Yen 375,000 will be paid up.

Japanese Delegates to China Confab to Leave Tokyo Oct. 14

Nippon's delegates to the forthcoming four round-table discussions with Chinese industrialists, engineers and technical experts in Shanghai, Nanking, Tientsin and Peiping will leave Tokyo on Oct. 14. The delegation, headed by Dr. Tadahiro Inouye, member of the House of Peers, will consist of about 20 prominent Japanese engineers. After the conferences in China, the Japanese delegation will proceed to Korea and Manchukuo, where similar meetings will by held.

Typhoon Batters Japanese Aircraft Carrier "Hosho"

A lieutenant was killed, 52 officers and men were swept overboard and ten others were severely injured when the Japanese aircraft-carrier *Hosho* and four destroyers were battered by a typhoon Sept. 26. The injured men include two commanders, two lieutenant-commanders, four lieutenants and three sailors. The vessels were engaged in the annual large-scale naval maneuvers that have been in progress since August off the northeastern coast of Japan. All five ships were "badly damaged," according to a Navy communique. The destroyers involved were the *Hatsuyuki*, *Yuguri*, *Mitsuki* and *Kikutsuki*. Despite the disaster the maneuvers are being continued.

Seven Thousand Japanese Arrested on Charge of Violating Election Laws

More than 7,000 persons have been arrested on charges of violating Japan's "clean election" laws, according to reports reaching Tokyo from the provinces. Those taken into custody include several priests accused of having prayed for the success of particular candidates. S. Itakura, head of the Silk Cocoon Producers Association, is accused of having given money to the priests and their temples for prayers in behalf of Y. Sasaki, a candidate for the assembly in Iwate prefecture.

Tokyo Once More Avers It Has No Aims in Macao

The question of a possible occupation of Macao by Japan was again brought to the fore by a report from Singapore last week quoting the Governor of Macao as saying that "Great Britain will not allow Japan in Macao." In this connection a Tokyo Foreign Office spokesman said that he believed "nobody in Japan even thinks about Macao." He added that "Japan has never thought about Macao and has never approached Portugal regarding landing privileges for airplane service because there are many points in China Proper, especially Shanghai, with which Japan desires air-mail connections. The Tokyo spokesman mentioned that the Japanese Charge d'Affaires at Lisbon had already denied a report that Portugal was arranging to sell Macao to Japan for £20,000,000. "Japan has many better places to spend her money than in purchasing Macao," the spokesman asserted, and hence has no intention of developing any "Monte Carlo in the Far East."

Ford Manager in Japan Is Told by Tokyo Official to Be "Cautious"

The Tokyo *Yomiuri* of Sept. 20 stated that Benjamin Kopf, manager of the Ford Motor Company in Japan, called on Director Kishi of the Bureau of Industrial affairs of Ministry of the Commerce and Industry and asked questions regarding the automobile industry law bill. Mr. Kopf reported to him that plans made by Ford last year are now in progress. Director Kishi then replied to Mr. Kopf that even old plans, if they had not materialized in concrete form at the time the cabinet decided on the automobile industry bill, would be regarded as new plans. He urged the Ford Company to be cautious.

Russia to Be "Warned"—"No Sincerity Shown in the Fishery Negotiations"

Agreement is reported to have been reached between the Tokyo Foreign Office and the Department of Agriculture and Forestry to reject the Soviet demand for an alternative plan in connection with the renewal of the fishery treaty. The Tokyo authorities declare that as the Japanese proposal is aimed simply at the protection of vested rights and contains no claims for an increase, they cannot but conclude that the Soviet demand is an attempt to encroach on Japan's rights. In fact, in the Japanese view, the Soviet demand is a typical example of the lack of sincerity on the Soviet's side in the present negotiations.

Trial of Nagata's Slayer to Open in November

The public trial of Lieut.-Col. Saburo Aizawa, the slayer of Lieut.-Gen. Tetsuzan Nagata, Director of the Military Affairs Bureau of the War Office, will open in the middle part of November. The "complexity of the case" was cited by one of the members of the court-martial of the First Division as the reason why the examination of the accused has not yet been completed.

Trade War Looms Between Japan and Netherlands Indies

A serious trade war looms on the Japanese-Netherlands East Indies commercial horizon, as reports received in Tokyo indicate that Batavia was considering the establishment of a central bureau for the control of imports. The new organization would, according to a report received by the Tokyo office of the Ministry of Commerce and Industry from the Japanese Commercial Museum in Soerabaya, monopolize the imports of goods from abroad. All importers' licenses would be revoked under the plan, the report pointed out, and the imported goods would be distributed by the bureau among the merchants. The purpose of the project, Batavia officials have reportedly asserted, is to eliminate the difficulties caused by the imports of cheap Japanese goods in the operation of Batavia's barter agreements with Italy, Great Britain and other countries.

Celebes Islands Ports May Be Closed to Foreign Ships

Further restrictions against foreign vessels in the coastwise service of the Netherlands' Eastern possessions were forecast in a report received in Osaka this week. The N.E.I authorities are planning to close all ports in the Celebes with the exception of Macassar and Menado.

Some "Don'ts" for Japanese Women When Serving Foreign Tourists

The Japanese Railway Ministry's Board of Tourist Industry, according to the *Asahi*, having found that serious misunderstandings have arisen recently because of lack of knowledge on Japanese women's part as to proper behavior before foreign guests. It is related, for example, that when the athletes of a certain country visited Japan some time ago, Japanese girl students "outraged decency and brought shame on the country." The Tourist Industry Board has been at pains to remedy this shortcoming in the reception of tourists from abroad and has decided to distribute among receivers of foreign tourists, chiefly women, points on how to behave before foreigners.

Among the "don'ts" are the following :—Don't say "bananas," "peach," or "chicken" even if you know these words in English; dont't go as far as the door when you direct foreigners to the lavatory; don't go into the bathroom when foreigners are bathing to ask whether the temperature of the water is just right or to help them wash themselves.

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Recognition of Manchuria Would Have No Bearing on Leith-Ross Negotiations, Japanese Say

A REPRESENTATIVE gathering of Chinese and British financial and business leaders was present at a tea reception given in honor of Sir Frederick and Lady Leith-Ross by Dr. H. H. Kung, Vice-President of the Executive Yuan and concurrently Minister of Finance, at the latter's home, 383 Route Herve de Sieyes, in Shanghai, Sept. 28. Extending welcome to the guests of honor, Dr. Kung delivered a brief speech, to which the British financial expert replied in appropriate terms. Dr. C. T. Wang, former Minister of Foreign Affairs, also spoke a few words of welcome.

Dr. Kung's speech, which was given in Chinese, was rendered into English by P. T. Chen, personal secretary of Dr. Kung. Economic depression, said Dr. Kung, being a world malady to-day, is no monopoly of any single nation. Like other nations similarly situated, China is a patient in need of the doctor's services badly. China, he continued, is confronted with various economic and financial problems, all of which are complicated in nature, stupendous in magnitude and difficult of solution. These problems have to do with trade and finance and their satisfactory solution is of immense interest to all nations concerned in the situation in China. "The Chinese therefore heartily welcome the visit of distinguished financial and economic experts from friendly countries who are able to come out to here to study these problems with us and advise us on the ways and means of dealing with them" Dr. Kung said.

The Tokyo Asahi Shimbun Sept. 23 printed a dispatch from Shanghai stating that its correspondent had learned that Sir Frederick Leith-Ross, while in Tokyo recently, proposed to the Japanese Government that Japan join Britain in extending a loan of 200,000,000 yuan to the Bank of China and that in return for this Britain recognize Manchukuo and use her good offices in inducing China to recognize Manchukuo,

Japan Not to Willing Agree to Anything in Return for Recognition of Manchuria?

Commenting editorially under the title "The Mission of Sir Frederick Leith-Ross," *Tokyo Nichi-Nichi* and *Asahi* referred to the rumor that the British financial expert had made a proposal to the Japanese government to give China monetary assistance in exchange for the recognition of Manchukuo by both Great Britain and the Nanking government.

Sir Alexander was quoted in an interview with the *Asahi* correspondent at Shanghai as saying that the essential conditions for a loan to China are Anglo-Japanese co-operation and supervision of the use of the fund. The *Asahi* in an editorial Sept. 24 said that it would be a mistake to suppose that Japan is ready to agree to anything in return for recognition of Manchukuo.

The *Nichi Nichi* commented:—"We wonder how much can be expected from a large loan to China, when that country is still far from stable, even though Japan should agree to such a step in exchange for the purported offer for the recognition of Manchukuo by both China and Great Britain in exchange for Japanese co-operation in China's financial reconstruction."

"Britain Can Accomplish Nothing in Far East Without Considering the Interests of Japan"

According to Mr. Komosato, the Chairman of the Japanese Council of Industry and Commerce, the mission of the British envoy, Sir Frederick Leith-Ross, is to make a through investigation of the economic, financial and currency situations in China, in order to help China to recover her economic stability in favor of the British interests.

"In short," this Japanese business leader, said, "it is impossible for Great Britain to achieve anything in the Far East without considering the interests of Japan, which is the stabilizing factor in this part of the world. In the past, under the leadership of Great Britain and the USA, there was the consortium of four countries in 1912, and a consortium of six powers later. At that time, Japan only followed in the footsteps of these powers. However, since the Manchurian event, the Japanese policy towards China has been totally changed. Japan has maintained her own position, and has assumed the leadership in every way in the Orient. This is what we must say to Sir Leith-Ross."

Japanese Financiers See No Possibility of Linking Chinese Currency to the Pound

The *Shanghai Mainichi* of Sept. 26 said that various circles here feel that it will be impossible for British interests to grant a loan to China alone, instead of establishing joint credit with Japan. According to financial experts, especially Japanese experts, the materialization of a program to link the Chinese currency to the Pound Sterling will be impossible. It was further reported that the Shanghai and Hongkong Banking Corporation is also opposed to the measures to link the Chinese dollar to the Pound Sterling, because this would make the business of the bank more complicated.

$5,000,000 in Silver Smuggled in Three Months

Five million dollars worth of silver dollars have been smuggled out of Tientsin and Peiping during the past three months. In view of rigid anti-smuggling measures recently applied in Tientsin and Peiping, it is learned that the center of smuggling has shifted to Langfang, a station midway between Tientsin and Peiping. Recently, it was explained, much of the smuggled money has been carried away by people who board the train at Langfang for Shanghaikwan.

Japanese Say Foreign Loans to China Are Always Wasted

The *Tokyo Asahi*, after declaring that Britain appeared to be anxious to establish a credit for China, commented that "Britain should be well aware of the fact that foreign joint loans to China, almost without exception, have always been wasted by a certain group of officials, who fattened themselves upon the proceeds, and that such aid has always caused resentment among the Chinese people who felt that they did not benefit by such aid."

Continuing, the journal asserted: "There is no reason why Britain should make a loan when she is fully aware that it can never be recovered. It may be true that Britain, seeking to stabilize economic and monetary conditions in Shanghai, has thought of establishing an international credit based upon London and, in exchange for her interest in the matter, planned to place a British advisor in the Bank of China, thus bringing China into the sterling bloc. But Britain's objective cannot be limited to this alone. It must be more ambitious. That is why she made the rumored offer (recognition of Manchukuo) and tried to win Japan's favor with such a political offering."

German Sues D.-A. Bank---Case Arises Out of A.-O. Bank Failure

The Shanghai District Court announced Sept. 30 that it would give judgment Oct. 5 in the case in which Franz Hotz, a German is suing the Deutsch-Asiatische Bank for the amount of 9,000 "Registered-Marks." It was alleged that, on the afternoon of May 23 this year, the plaintiff paid the defendant bank a cashier order on the American-Oriental Banking Corporation for $5,000 and $27.94 in cash, for the purchase of 9,000 registered-Marks. On May 24, the A.O.B.C. closed their doors and the defendant bank returned the cashier order to the plaintiff and refused to deliver to him the 9,000 registered-Marks, despite repeated demands.

Shanghai Guilds and Bankers Blame Money Tightness on U. S. Silver Policy

The Shanghai Bankers' Association, the Shanghai Native Bankers' Guild, and the Shanghai City Chamber of Commerce in a joint petition to the Executive Yuan this week, urged that the procedure for exercise of the right of mortgage on real estate be expedited. Due to the silver purchase policy of the United States, however, the petition states, the foreign banks in Shanghai now prefer to ship their silver abroad, with the result that they are no longer ready to extend loans to Chinese on the security of real estate. A serious depression has therefore set in the real estate market. Not only has the value but also the credit of real estate as security dropped considerably.

League Council Committee Considers China's Application for a Seat

The special committee appointed on Sept. 26 by the League Council at General to investigate the matter of a seat for China on the Council met Sept. 28 to begin its study of the whole problem of representation on the body. Before going deeply into the question, it was decided to invite recommendations from the governments of the member states, these propositions to be submitted before October 11.

Real Estate Tangle with A-O Bank Angle Aired in U. S. Court

Action brought by Arnhold and Company against the Reyer Construction Corporation, and Frank L. Hough as liquidator of the American-Oriental Bank and trustee of the Asia Realty Company, came before Judge Milton J. Helmick in the United States Court for China, Oct. 1. The plaintiff in the case is seeking pay-

ment of a mortgage held on a lot in Columbia Circle and both the bank and the real estate concern are involved because the latter concern holds the title deed. The mortgage was made by the Reyer Construction Company, the sum involved amounting to $60,139,52. The plaintiff asks that the title held by Asia Realty and the bank be declared null and void so that foreclosure can proceed. Julius Kleffel, former manager of the A.O.B.C., testified on behalf of the bank, pointing out that the defendant corporation had been indebted to the bank for about $70,000. The bank, it was pointed out, holds a hypothecation on the title-deed, signed by Mr. Reyer.

Checks Mailed to Small A.O.B.C. Depositors

Checks were mailed this week by Frank L. Hough, liquidator of the defunct American Oriental Bank, to about 3,200 depositors having accounts of less than $50, totalling about $40,000. These small accounts are being closed out with the approval of Judge Helmick of the U. S. Court for China with a view to reducing the expense of carrying them on the books.

Leith-Ross Visit as Seen from the London Angle

BY H. J. GREENWALL

BY the time this despatch reaches Shanghai Sir Frederic Leith-Ross will have begun to make contact with the problem he has been sent to tackle in the Far East. Rumors and tales concerning the Treasury official's journey have clouded the real issue. It is President Roosevelt's Silver policy which was the mainspring of the journey. Rightly or wrongly the British Treasury and the Bank of England believe that the President's Silver policy has failed to achieve all its objectives, and the damage done to China outweighs any minor benefits that may have been won for the Silver States. I understand J. P. Morgan, who has been recently consulted here, concurs in the Treasury's point of view, and perhaps partly inspired it.

There is no reason to believe that Great Britain is thinking of another alliance with Japan. At present most of the news that comes out of the Far East appears to be inspired from Tokyo, and although it might give pleasure to Japan to have the world believe that Great Britain contemplates a revival of a Treaty which was denounced in order to facilitate the drafting of the Washington Naval Treaty, there are no substantial grounds for the carrying out of the Japanese idea, if such an idea exists in reality.

The object of Sir Frederic's journey is to investigate the harm that has been done to China by the increased price of silver. For many years Great Britain and the rest of the world were told that if the price of silver was increased, then the purchasing power of the Chinese would also increase. In reality the opposite has proved true. Now Great Britain wants to know if anything can be done to help China regain her independence, believing that the best short cut to independence is economic stability.

It is not until Sir Frederic Leith-Ross has returned to London that British policy in the Far East is likely to be moulded. Whether or not Sir Frederic will return here via Washington is uncertain; it depends almost entirely on the result of his trip to China.

Great Britain desires to co-operate with the United States in the Far East, that much is positively certain; but she is not adverse to collective assistance and this would include Japan if Japan is willing to join the United States, France, Italy and Great Britain in assisting China. But in order to associate herself with the aforementioned Powers Japan's policy towards China would have to undergo drastic changes, and Japan would have to give an undertaking to preserve the Open Door.

The question of Abyssinia looms so largely on the political horizon to-day—I am writing this despatch on the eve of the League of Nations' meeting in Geneva—that all Far Eastern questions receive very little space in the newspapers, but this does not mean that the Foreign Office is not fully alive to the vital necessity of protecting European interests in China, to afford protection before Japan eats away further into China. Considering, as I have said, that economic stability is necessary before China can become independent of Japan, or of any other one Power, the London Foreign Office, at the instigation of Sir Samuel Hoare, has taken the necessary measures to despatch its most brilliant Treasury official to China to investigate and if necessary to advise.

Rumors have reached London from the Far East of plans for the recognition of Manchukuo, but in view of the pledges Great Britain has given to the League of Nations, this step is entirely out of the question.

London, Sept. 4, 1935.

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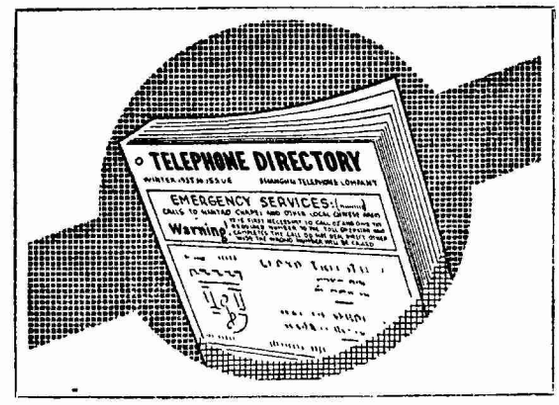

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Some Thoughts on Sino-Japanese Economic Cooperation

BY CHEN FU-SHENG (陳福生)

"SINO-JAPANESE Friendship"—"Sino-Japanese Economic Cooperation." These are subjects bruited by every tongue today. Not in a spirit of carping criticism but with a sincerely constructive intent, I would like to set forth my views on the question of economic cooperation.

Principles of Reciprocity and Equality

To begin with, any proposal of economic cooperation should be based upon the principles of reciprocity and equality. In the words of Generalissimo Chiang Kai-chek, "China and Japan are brother countries and they should cooperate on the basis of justice and friendship. The relations between the two countries cannot be placed on a sound basis unless they respect and rely upon each other."

China is a country of great future; most of her resources remain undeveloped. In the course of her economic development, she naturally welcomes foreign technical aid and financial assistance. Owing to geographical proximity, China and Japan are economically interdependent. Japan, whose industries are highly developed, is in a position to supply China with capital and experts necessary for development of economic resources; China, having a large population, raw materials in abundance, can help Japan to help herself. In short, there is no need to labor the necessity of economic cooperation, but, it must be emphasized, Chinese as a whole believes that nations should live and let live with due respect for the rights and interests of one another. China hopes to co-exist and co-prosper with Japan, not to be exploited at her expense. As aforesaid, reciprocity and equality should be the guiding principle of cooperation. There can be no amicable feeling without mutual confidence, no lasting friendship without mutual respect, no hearty cooperation without mutual profit.

Gross Mistake of the Military Clique

Among Japanese militarists, there exists a misapprehension that subjugation of China is indispensable to the formation of a Sino-Japanese Bloc. To them, China is a fat cow which Japan can milk as much as she likes, but only after it is bound hand and foot. In so thinking and so doing, they have made a great blunder, as they fail to realize that China is a pacifist nation dedicated to the policy of the Good Neighbor. She has shown readiness to satisfy Japan's legitimate wants. Everything but sovereignty and birth-right, she is willing to give up.

Perhaps some one will say: "'You can't earn stone palaces by honest labor,' as the proverb runs. Japan knows that to exploit others to benefit herself is a dirty business, but what is she to do? She has to feed and clothe her surplus population and to dispose of her surplus pruducts." True, she has to live but she has to let others live in order that she may live peacefully and comfortably. A hostile though subjugated China does Japan more harm than good. Which is better, killing the Golden Goose or letting the Goose live and lay golden eggs now and then? To subjugate China with a view to getting economic profits out of China, is the folly of killing the Golden Goose.

Friendly Relations With All

There is, among Japanese militarists, another misapprehension, viz., that China's appeal for economic assistance from the western powers is inimical to Japan's influence in the Far East and may, therefore, be regarded as an anti-Japanese measure. As a peace-loving country, China has maintained friendly relations with all foreign powers. In the eyes of Chinese, the nations that are not against China are for China. Chinese have not the least intention of playing one nation against the other. That China's diplomatic policy is to be on good terms with far-away countries, but to attack the near ones, is an altogether exploded idea.

China has encountered an unprecedented economic crisis. To solve her troubles, China, of course, needs the help of Japan, but she also needs the help of western powers. The assistance from the western powers and that from Japan supplement, rather than exclude, each other. Well-said Generalissimo Chiang: "China's eagerness for assistance from the western powers in solving her economic difficulties should not be regarded as a measure for the boycott of Japan, nor should her endeavors to cooperate with Japan be considered as a desire to curtail her relations with western powers."

The Visit of Leith-Ross to Japan and China

Of interest in connection with the problem of Sino-Japanese cooperation, is the visit of Sir Frederick Leith-Ross to Japan and China. To superficial observers, Great Britain's despatching her chief economic expert to China constitutes evidence of her attention to Far Eastern affairs and of her intention to curb those who declare, "Hands off China." This impression, if any, is a dangerous misapprehension. As pointed out by Japanese newspapers, the mission of Leith-Ross is to steady British influence in the Far East, that is now declining. Furthermore, in view of the Abyssinian situation—which may develop to a European war—Great Britain deems it necessary to meet Japan halfway. To court Japan's favor, Great Britain might rob Peter to pay Paul.

Since the outbreak of the Mukden Incident (September 18, 1931), Great Britain has washed her hands of the Sino-Japanese issue. For nearly two years Henry L. Stimson had been nagging at the British, trying to secure from them a common Anglo-American policy in the Far East. During that time the British, despite a huge economic stake in China, sat complaisantly on the sidelines. They enjoyed watching their chestnuts being pulled out of the fire by the United States. As Great Britain has, heretofore, not only stood aloof but also indulged in Machiavellian tactics, so it is highly problematical that she will play the role of intervener. Great Britain is said to be a traitor to the white man's cause, a fair weather friend, an oppressor of the weak. To hope that she will stand for international justice and protect China's interests is a hope against hope.

Just a point in conclusion: With the state of Europe remaining one of gloom and apprehension, China should look before she leaps. Forty years ago, China was saved from partition by the jealousies of five Great Powers, each striving to prevent the others from gaining too great an advantage. Today there is but one power actually in the field, and China must rely on her own capacity for dealing with her predicament single-handed.

Foochow, September 20, 1935.

Two Chinese Editors Who Reprinted "Vanity Fair" Cartoon in Manila

According to an *Associated Press* dispatch from Manila in the *Chicago Tribune* on Aug. 28, two Chinese editors in Manila reprinted the caroon from the American magazine *Vanity Fair* showing Emperor Hirohito of Japan pulling a cart upon which reposed a manuscript supposedly representing the Nobel peace prize. When the Japanese Consul-General, Kenkichi Uchiyama, protested he was informed that the authorities were unable to prevent such publication under existing laws providing for the freedom of the press. The Japanese Consul-General then protested directly to the Chinese Consul-General, Dunn Tsong-inung, but the dispatch failed to mention what action, is any, that he took with regard to censuring the editors of the Chinese papers.

Clean-Up Is Asked of Undesirable Japanese Subjects in Shanghai

The *Shanghai Mainichi* says the Japanese community in Shanghai is asking for a thorough clean-up of undesirable Japanese subjects, who include Japanese as well as Korean drug and firearm peddlers, keepers of clandestine houses of ill-repute and professional intimidators. These gangs, said newspaper states, are divided into three main groups and operate mostly in the Haining, Miller, Woosung, Range and East Kashing Roads area, although one gun-smuggling outfit, whose members were recently arrested, has its headquarters in the French Concession. Ryuko, a woman, is named by the daily as the head of the Ohbayashi gang, whose zone of influence extends along Miller, Yuting and Kashing Roads. They engage in the peddling of heroin, intimidation and soliciting. The Union gang, has no fixed headquarters or a definite leader, but its members use any disreputable house that comes handy for a base. Their forte is said to be strongarm jobs and eating in restaurants and later refusing to pay.

Acute Labor Shortage in Brazil Leads to Modification of Clauses

According to a report received by the Tokyo Foreign Office from the Japanese Consul at San Paulo, the Brazilian Government has decided to modify the interpretation and application of the immigration restriction clauses in the new Constitution. Under the new arrangement, there will be an increase of about 10,000 foreign settlers to be admitted into that country this year, though it is not known as yet what proportion of this increased number will be allotted to Japanese. The enforcement of the restriction clauses has caused a shortage of labor in Brazil. The growing domestic industry and the increased plantation of cotton in that country has rendered the shortage of labor so disastrous that in San Paulo State the coffee plantations have been dealt a crippling blow. Consequently, the head of the agricultural affairs department of the State visited Rio de Janeiro recently and conferred with the authorities of the Central Government regarding remedial measures.

C. F. Wolsiffer Appointed Trustee for China Realty Co.

Carl F. Wolsiffer, president and manager of the China Realty Company for the past few months, was appointed trustee of that concern in an order handed down by Judge Milton J. Helmick in the United States Court for China Sept. 30. The order requires that the trustee post $50,000 bond, and permits him to carry on the business of the real estate company subject to his discretion.

Appointment of Mr. Wolsiffer as trustee of the China Realty Company, a concern incorporated under the China Trade Act, was made as the result of a petition filed by Mr. Wolsiffer, as president of the concern, asking that a trustee be named to handle the affairs of the company in accordance with Section 77-B of the new United States Bankruptcy Act.

The petition pointed out that while the company was solvent, it had found itself in poor financial circumstances owing to its inability to collect either interest or principal on loans made on mortgages.

Mr. Wolsiffer, who came out to Shanghai recently from the United States, was found by the court to be "sufficiently disinterested, impartial, and otherwise qualified." He was accordingly given possession of and vested with the title of the property of the China Realty Co., and was ordered, at his discretion, to continue to manage and carry on the business of the company, subsequent to such further orders that the court may make.

China Realty officials emphasized that they consider the firm entirely solvent, and that the course taken is regarded as a means of preserving the interests of everyone concerned. Difficulties of the company, which operates in the fields of real estate sales, mortgages, investment and insurance are described as similar to those of almost all other concerns in Shanghai at present—trouble in getting money due, which in turn handicaps the firm in its own payments. All real estate companies have suffered especially during the pass few months, it is pointed out, as a result of the current depression.

The capital stock paid up was shown by the petition to be approximately $7,000,000; the unsecured debentures amount to approximately $10,000,000; the secured debentures to over $6,000,000. The assets and liabilities are said to balance at approximately $55,000,000.

Circular letters were issued over the signature of C. F. W. Wolsiffer, newly-appointed president and general manager, to share holders and holders of 8 per cent and 7 per cent first mortgage debentures, three forms of communication being employed for the three categories, describing the circumstances and outlining what is being done.

Asia Electric Co. Resists Appointment of Trustee

Truman Johnson, president of the Asia, Electric Company, filed an answer in the U. S. Court for China Sept. 30 to the petition of Miss A. Viola Smith, China Trade Act Registrar, for the appointment of a trustee for the company, in which he categorically denied that the China Trade Act had been violated. Dismissal of Miss Smith's petition was asked.

Miss Smith's information, filed in the court last week, stated that $41,400 shares of the firm had been purchased with promissory notes which had never been paid, but that the stock had been given, in definace of the China Trade Act, the full rights of fully paid for shares.

It is admitted in the answer that shares of the company have been purchased with promissory notes but it is alleged all such shares are either being held in escrow pending payment of the notes or the notes "have been partially paid up and are still being paid up and interest paid thereon by the makers thereof."

The answer also says that "the defendant company did not conceal said stock instalment purchases from the Registrar or from anyone else as the balance sheet and the annual reports carried these items at all times material to this action."

None of the creditors of the company desire a trustee, says the answer, and a large majority of the stockholders oppose the appointment of any trustee. In conclusion, the answer maintains that "the reputation of the defendant corporation with its customers and with the electrical trade is dependent upon the technical ability, learning and erperience of its present management."

Seven More Young Women Commit "Mass Suicide" in Fukien

Seven young women, aged around 20, drowned themselves in a tragic suicide pact at Hwaian, Fukien City, near Amoy September 13, according to reports appearing in Chinese newspapers. In the same city on June 21, 1934, nine girls, aged from 13 to 19, ended their own lives in the same fashion. All of the young women were from the Jen family. Six of them were brides of several months while the seventh was a woman brought up at her husband's home. The reasons given for the suicide included matrimonial incompatibility and disputes in the family. Suicide is the most fashionable way in Hwaian to end one's worldly worries and trouble, the Chinese newspapers commented.

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74-191

Marshal Chang Flies to Lanchow to Stem Red Advance

BY THE REVIEW'S HANKOW CORRESPONDENT

THE Reds marching on Lanchow last week were challenged and forced to take another route by the government forces on nearing Minchow, 125 miles south of the Kansu capital on the Tao river. About thirty li from Minchow the invading Red forces were engaged in battle, on Sept. 22 authentic reports from foreigners residing in Lanchow inform us, and about one thousand men on both sides were slain. The Reds seem to be getting fiercer and more relentless as they are driven farther and farther away from the center of things in China, and in southern Kansu "all the countryside through which they passed has suffered dreadfully."

Defeated Reds Continue Ravaging Kansu

Defeated in their first plans of taking Minchow, the Reds have apparently split into two armies, the one consisting of some 8,000 men heading westward for the Taochow district, the other group of 7,000 or 8000 going eastward to the vicinity of Changhsien. This would indicate that the Reds are still pursuing their purpose of advancing on Lanchow, even though by circuitous routes.

Government Pouring Troops Into Southern Kansu

Government and provincial troops are being ordered to the areas threatened by the Red advance: Minchow, Kungchang, and Titao, all in southern Kansu. From Lanchow scouting planes leave daily on tours of reconnoitering and bombing planes follow in an effort to deal death and destruction to the enemies of the Chinese government.

Marshal Chang Hsueh-liang Flies to Lanchow

From his temporary headquarters at Sian, Shensi, the Young Marshal flew to Lanchow on an important mission in connection with the anti-red campaign. Coming and going again the same day, Sept. 25, he spent his time conferring with the highest military and civil officials with regard to the present critical situation in southern Kansu.

Reds at Kweiteh Reported Defeated

Nanking, having enlisted the services of Tibetan and Moslem forces in western Kansu, was able to defeat the Reds at Kweiteh. What has become of the remnant, no one seems to know. The center of the Red forces is not definitely known.

Missionaries Evacuating at Once

All of the missionaries in southern and central Kansu have reached the decision to evacuate Lanchow, where they have been conferring as to the best means of escape. The original plan of escaping down the Yellow river to Paotouchen, has been abandoned due to the fresh movement of troops by the Reds in northern Shensi. Buses and trucks will be used on the new Lanchow-Sian Highway to evacuate the missionaries and their families at once.

Shensi Reds Moving Westward

The Reds in northern Shensi are on the move again, and are reliably reported as going westward, possibly into Kansu. The Young Marshal is intending to stay right on the job at Sian and to continue directing the movement of his forces against the Reds.

"Hankow Herald" Comments on "New Life" Case

Under the editorial caption, "A Happy Decision", the Hankow paper (Chinese-owned), ended its comment with these significant words: "The granting of the right of appeal to a citizen is important itself for no one should be deprived of a right that belongs to him under the law. This is not nearly so important however, as compared with an issue involving the sanctity of Chinese justice. When the original judgment was handed down, and the appeal refused, opinion was expressed in many quarters that the court acted under pressure of the Japanese indignation. Much damage has consequently been done to the administration of Chinese justice. By granting the appeal, the Supreme Court at Nanking has vindicated the cause of justice and will proceed to review the whole case in strict accordance with the Chinese law without the slightest regard to any other consideration.

Hankow Chinese Editor Criticizes Economic Mission to Japan

There does not seem to be much enthusiasm for the China Economic Investigation Mission to Japan. Rather than spend huge sums on such Missions to foreign countries, the editor of the *Hankow Herald* believes in investigating the economic conditions of China's vast empire first. His resume follows: "Probably this Economic Investigation Mission to Japan is not so much interested in gathering trade data as the creation of a more friendly atmosphere between peoples of the two countries than has existed during the past few years. We are all for Sino-Japanese friendship but we doubt if the sending of a trade mission is exactly the right thing for the creation of a cordial feeling. The restoration of Sino-Japanese friendship requires something more than carefully planned tours, hand shakings and exchange of greetings between small groups of private citizens. There are fundamental causes for the lack of such genuine friendship the removal of which is the work of the governments of both countries. We think the leaders of both countries will do well to look into such fundamental causes instead of indulging in trade missions which are largely a game of ballyhoo.

Hankow, October 1, 1935.

Nanking Agrees to Redeem Nishihara Bureau of Printing Loan

Agreement on the redemption of a loan of Yen 2,000,000 made by the Mitsui interests of the Finance Department of the Peking Government in 1918 was reached Sept. 26 between Yakichiro Suma, Japanese Consul-General in Nanking and Dr. H. H. Kung, Minister of Finance. The agreement provides for the payment of Yen 4,500,000, including the accrued interest, in 300 monthly instalments of Yen 15,000 each. *Rengo* states that the loan was one of the series advanced by a banking group, represented by Kamezo Nishihara in 1916-18, and was in the form of an advance to the Bureau of Printing. Financial circles in Nanking are quoted as believing at Peiping that this is the first instance of the redemption of loans advanced to the Finance Department of the old Peking Government.

Unfavorable Trade Balance Indicates Pauperization, Says Japanese Journal

"The theory that China's unfavorable foreign trade balance is no longer a question of vital importance in China, is absurd," the *Shanghai Nippo* stated in an editorial Sept. 30. The Japanese paper further stressed that China's unfavorable foreign trade balance is still of vital importance to the position of China as a whole. Said paper also commented that the fact that the balance of China's foreign trade is becoming less unfavorable is by no means the manifestation of strengthening of China's position, but is an indication of the pauperization of the country.

Hu Han-min Proceeds to America from Germany

According to information received by the Southwest Branch of the Central Executive Committee at Canton, Hu Han-min, the veteran Party leader and former President of the Legislative Yuan, has left Germany for America in view of the disturbing situation in Europe due to the tension of the Italo-Abyssinian relations. Mr. Hu had been in Berlin for the past few weeks recuperating from his ill-health. He is accompanied by his daughter Miss Hu Molan, and T. K. Ching, his secretary, in his trip to America.

Pang Hung to Be Returned to China

According to well informed circles quoted by *Da Mei Wan Pao*, Sept. 28, Pang Hung, the gold producing district in Yunnan Province will be returned to China after an investigation by the Anglo-Chinese Border Commission, which recently left for the Yunnan and Burma border, is made. As a condition for this return the British authorities will ask for the right to build a railway from Burma to Kweichow by way of Yunnan. Whether China will accept this proposal or not is still a problem.

142 Couples Are United at Mass Marriage

One hundred and forty-two couples were pronounced man and wife at the fourth mass marriage, held in the Kiangwan Civic Auditorium Oct. 2, this being the largest group to proceed to the altar since the mass marriage idea was promoted according to New Life principles under the auspices of the City Government of Greater Shanghai.

The youngest bride was 16 years old, the oldest being 21, compared with the grooms, whose ages ranged from 18 to 43.

Japanese Census Is Taken on the Night of October 1

More than 250,000 census workers called on each household in the Empire Japanese during the night of Oct. 1 to take stock of Japan's population, in the fourth quinquennial census. Although the results will not be revealeduntil December, the press predicts that the total will be around 100,000,000.

Canton Cement Factory Makes Profit of $5,000,000

A profit of $5,000,000 was made by the Canton Provincial Cement Works in the last financial year, it was offically announced Sept. 23. The total output was 210,257 tons. The company is a semiofficial enterprise.

Who's Who in China

黃瑞朝
Wee Swee-teow
(Huang Shui-tsao)

Wee Swee-teow, legal practitioner; born in Singapore, March 26, 1880; studied law at Raffles Institution, Singapore; Barrister-at-Law, Gray's Inn; member of the Executive and Legislative Councils, Straits Settlements; Justice of the Peace, Singapore; member of the Chinese Advisory Board and of the Council of King Edward VII College of Medicine, Singapore; ex-President and member of Committee of the Straits Chinese British Association, Singapore; now, Advocate and Solicitor, Straits Settlements; addresses: 7a, Change Alley and 37, Stevens Road, Singapore, Straits Settlements.

黃瑞朝，一八八〇年三月二十六日生於南洋新加坡，畢業於該地萊弗爾法律學院，即執行律師職務兼任海峽殖民地行政立法兩院委員，新加坡保安官，華僑顧問會會員，新加坡皇家醫學專門學校董事，海峽殖民地中英協會委員，現在海峽殖民地執行律師職務。

Szechuan to Reform Currency—Miscellaneous Coins to Be Melted Down

In order to hasten standardization of the currency in Szechuan, the Ministry of Finance has approved the proposal of the Szechuan Provincial Government for the organization of a Szechuan Provincial Experts' Committee on silver currency. The committee will be composed of one representative each from the Office of the Special Commissioner of Finance for Szechuan, the Provisional Headquarters of the President of the Military Affairs Commission, the Szechuan Provincial Department of Finance, the Chungking City Chamber of Commerce and the Chungking Native Banker' Guild.

The task of the Committee is to fix the standards for the exchange of miscellaneous silver coins in Szechuan for standard silver dollars, through the Szechuan branch of the Central Bank of China. The miscellaneous coins are to be melted and converted into standard silver dollars by the Central Mint.

Increased U. S. Gold Stocks "A Menace," Says National City Bank Review

The vast influx of gold shipped to the United States since the outbreak of the Italo-Ethiopian difficulties constitutes a menace to American economy, the National City Bank of New York declared in its monthly survey of business conditions published Sept. 29. "The United States gets no lasting benefit from these gold receipts, because of the fact that the capital may be withdrawn as rapidly as it is sent," the report declared. "Moreover, the gold is not needed, and in fact is a menace, as bank reserves are already sufficient to support a credit expansion far greater than the United States has ever known."

Population of Shanghai Area Over Three-and-a-Half Millions

According to recent articles in the local Chinese newspapers the population of Shanghai area is just over three-and-a-half millions. At the end of August, the population was said to have been 3,540,572, an increase of 7,220 as compared with the figure of July. In the municipality of Greater Shanghai, there are a total of 416,311 households or a population of 2,026,799, an increase of 1935 households and 7,220 persons. The figure includes 11,627 foreigners, the reports point out. In the International Settlement, the population is given as 971,397 Chinese and 36,471 foreigners. French Concession population is given as 479,279 Chinese and 18,899 foreigners, making a grand total of 3,540,072.

In the United States Court for China

In re. Estate of THOMAS N. THOMPSON, Deceased.	Cause No. 3960 Special Proceedings No. 1032 NOTICE Filed at Shanghai, China, September 27, 1935 William T. Collins, Clerk. L. T. Kenake, Asst. Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of THOMAS N. THOMPSON, deceased, to present the same with vouchers to the undersigned on or before April 26, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

MABEL HALL THOMPSON,
Administratrix,
No. 19, 1st Chan Shan Road,
Tsingtao.

Shanghai, China,
September 27, 1935.

A WORD TO WOMEN

Suffering That Can Be Avoided.

No woman should allow nervous weakness to get the upper hand of her; if she does, worry will mar her work in the home and torment her in body and mind.

Day after day spent amid the same surroundings is enough to cause irritability and depression; but there are other causes, as every woman knows, that tend to make her nerves become run-down. A change would benefit her jaded system and rest might improve her nerves, but best of all for weary, run-down women is a course of Dr. Williams' pink pills. These pills create new blood, rich with the elements on which the nerves thrive; it is in this way that they restore regular health, increased energy, and strong, steady nerves.

Women know as well as doctors that their health depends upon a full supply of blood. Nervousness, sick headache, pains in the back and limbs, poor appetite and depression are evidence of a bloodless state. It follows, because Dr. Williams' pink pills make new rich blood, that they are a boon to weak, bloodless women.

Mothers and Daughters: Refresh your blood and feed your nerves by taking Dr. Williams' pink pills. Obtainable from chemists everywhere.

Dr. Williams' Pink Pills

74-193

Men and Events

A son was born to Mr. and Mrs. Richard Butrick at the Country Hospital, Shanghai, Sept. 23.

C. Bau, assistant manager of the Commercial Press, returned to Shanghai Sept. 25 from a round trip to Manila, where he had been on business.

The death occurred in Andover, Mass., Sept. 27, of Miss Lucille Sinclair Douglass, well known artist and writer on Far Eastern subjects.

Mrs. Owen F. Roberts, of New York, her daughter, Katherine, and Miss Isobel Sullivan are at present in Peiping, where they are the guests of Col. and Mrs. Isaac Newell.

The construction work on the six story new building of the National Government at Nanking, which has been under progress during the past few months, is scheduled to be completed in the middle of this month.

The Chinese Ambassador to Moscow, who is also the Chinese delegate to the League of Nations, Dr. W. W. Yen, made a gift of 500 Marks to the China Institute in Frankfurt-on-Main, Germany, Sept. 30.

William Grooch, formerly operations manager for the C.N.A.C.'s Shanghai-Canton line, was married recently to Mrs. Irene Lambert Wood of California and is at present living with his bride in San Francisco.

F. W. Schlobohm, who proceeded to America three years ago after conducting an auto service station in Shanghai for many years, has returned to Shanghai with Mrs. Schlobohm. They intend to reside in Hungjao road.

Two German investigation groups, one organized by the German Government and the other by the China Institute of Frankfurt University Frankfurt, will shortly come to China, according to a message from Nanking this week.

A five-year-old Chinese boy was burnt to death and one man and two women received severe burns on the face and body in a fire that broke out during the night of Sept. 29 in a newly opened toy balloon manufacturing factory, Wayside Road, Shanghai.

Dr. Anne Walter Fearn arrived back in Shanghai last week after to a prolonged absence in the United States and Hawaii. She is the guest of Consul-General Edwin S. Cunningham for the present, but will shortly move back into her old quarters at the Cathay Hotel.

Princess Der Ling (Mrs. T. C. White), the author of several books on Chinese life, who arrived in Shanghai last week, addressed the U. S. Fourth Marines Sept. 27, relating reminiscences of the time when she was lady-in-waiting to the Empress Dowager of China.

Miss Lily K. Haas, general secretary of the National Y.W.C.A., proceeded to Peiping end of last week accompanied by her sister, Miss Adalia Haas, who arrived in Shanghai recently on her first visit to China. The latter is librarian of the Los Angeles Public Library.

Dr. Herbert Mueller, German correspondent, who was traveling with the late Gareth Jones of the *Manchester Guardian*, who was captured by bandits and later murdered in eastern Chahar, visited in Shanghai, this week. On Sept. 30 Dr. Mueller was entertained at tea by German journalists in Shanghai.

Preparations for the erection of a broadcasting station near the West China Union University are being made here by the Szechuan Telegraph Administion. The materials and equipment for the station have been transported from Chungking; the work is to be completed by the end of the year.

In compliance with a request of the Ministry of Communications, the Tung Chi University, a private institution at Woosung, Shanghai, is offering two new courses this year, in shipbuilding and aeronautics. A monthly grant of $2,000 will be made to the University by the Ministry of Communications.

Owen Lattimore and Dr. K. A. Wittfogel returned to Peiping last week after a three weeks' trip through Shansi. Woodbridge Bingham, who has been accompanying them, expects to remain for another fortnight at Sinfu where he is engaged in research on the Tang dynasty.

According to information received from the National Foreign Trade Council, N. Y., F. J. Twogood, General Manager of the Standard-Vacuum Oil Co., Shanghai, was present at the luncheon given by the National Foreign Trade Council to the members of the American Economic Mission to China at India House, New York City, on July 16.

A party of 12 Masons from the Philippines, headed by Samuel R. Hawthorne, Grand Master of Masons of the Philippine District, arrived in Nanking Sept. 29. The visitors were guests at a tea party given by the local Masonic Lodges at the International Club and a dinner party given by Wu Chen-hsiu, manager of the Nanking branch of the Bank of China.

Mr. and Mrs. Fred J. Rossiter were at home at 32 Route Delaunay, Shanghai, Sept. 29, in honor of Mr. and Mrs. Barnard Gibb of Washington, D. C. Mr. Gibb has come from the United States to be associated with Mr. Rossiter in the United States Department of Agriculture here.

Doctor Chen Ta, professor of Social Science at Tsinghua University in Peiping, arrived in Moscow, Sept. 30 to study labor conditions and health protection in the U.S.S.R.

E. S. Goldhill, head of the largest doughnut-making establishment in the United States, is on a visit to Shanghai. He is planning to buy egg-drying plants here.

The Waichiaopu was officially notified by the French Legation Oct. 1 that M. H. Hoppenot, Counsellor of the French Legation in China, has been appointed Charge d'Affaires consequent upon the death of the late H.A. Wilden, French Minister to China.

Dr. James G. Sakamoto, of the local office of the Japanese Embassy and formerly the head of the Chinese student section of Tung Wen College, received word this week that his mother, Mrs. Masa Sakamoto, died in West Los Angeles, California, Sept. 29. She was 89 years of age.

The International Recreation Club, a long familiar rendezvous on Bubbling Well Road, Shanghai, is to be closed for an indefinite period in compliance with a decision reached by the board of directors. The Kiangwan establishment will remain open, while the closing of the town club is stated to have been made necessary by financial difficulties.

Dr. Ralph C. Wells, chairman of the China Council of Presbyterian Missions now having its annual executive meeting in Shanghai, has been reelected for another term of four years. Dr. Wells has held the office since 1925. At the same election a successor for Dr. C. E. Patton, vice president and secretary, who is expected to retire this year on account of his health, was chosen, when Dr. E. E. Walline, member of the China Council for Canton, was named for the post.

L. E. Force, general manager of the Douglas Fir Exploitation and Export Co., Seattle, Washington, arrived in Shanghai Sept. 17 accompanied by M. E. Blackmar, the firm's Oriental representative. Mr. Force is visiting China and Japan on behalf of his company, the membership of which comprises 80% of the lumber mills exporting from the states of Washington and Oregon.

Mrs. A. M. Williams, "Mother" Williams to scores of Chinese students and alumni of Oberlin College in Ohio, arrived in Shanghai last week to pay her first visit to China since 1912. Mrs. Williams was formerly a missionary in Shansi province with her husband, who was killed in the Boxer Rebellion.

The Tokyo police last week forbid Mrs. Gertude Boyle to include two statues, described as "The Kiss" and "Adam and Eve," and seven other statues in an exhibition which she brought from the United States and is exhibiting in the Japanese capital. The police particularly objected to statues showing kisses, as being injurious to Japanese morals.

Y. E. Hsiao, general secretary of the Chinese Students' Christian Association of North America, who has been traveling in China for several months, returned to the United States last week. Mr. Hsiao also is associated with the publication, *Chinese Christian Student*, published at 347 Madison Ave. N. Y., which is widely read by Chinese students in the United States.

Judge Milton J. Helmick, of the United States Court for China, has issued an order for the disbarment of Mrs. Asuncion Sian Veloso, Filipina lawyer with an office at 128 Museum Road, for practising law with an unlicensed attorney. Mrs. Veloso had been practising law with her husband, Dr. A. S. Veloso, who is now under a suspended sentence of 11 months in jail for issuing a bad check.

James K. M. Lin, nephew and adopted son of the President of the Chinese National Government, and his bride, the former Miss Viola Brown of Columbus, Ohio, have separated under the terms of a written agreement, according to advices from Washington, Sept. 29. The agreement provides that each party waive all claims on the other.

Nelson T. Johnson, American Ambassador to China, spent several days in Shanghai this week. He conferred with American officials, including Judge Milton J. Helmick, whose guest he was here, following which he returned by train to Peiping. He is expected here again on October 20 to welcome George H. Dern, U. S. Secretary of War, who will stop here four days enroute to Manila.

Mr. and Mrs. John Carter Vincent of the American Embassy in Peiping were entertained at numerous tiffins and dinners during their short stay in Shanghai this week, previous to sailing by the s.s. *Pres. Jefferson* Oct. 1 to the United States. They were guests at a dinner given by Edwin Stanton of the U.S. Consulate and at a dinner given by Mr. and Mrs. Chester Fritz. Richard R. Smith, who leaves on October 8 for the United States, gave a tiffin for them at the Cathay Hotel.

Professor Hsu Ti-shan, formerly of Peiping, is now in Hongkong and has taken up his new post as Chairman of the Chinese department at the University of Hongkong. Professor Hsu had been associated with Yenching University since 1917, his major interests lying in the history of Chinese social and religious life. In addition to his work at Yenching, he has lectured at Tsinghua and Peita, and during the past year conducted a series of informal lectures at his home, for a small group of students on the History of Taoism. Professor Hsu is a Formosan by birth.

Robert R. Service, Veteran Y. M. C. A. Worker, Dies in Shanghai

The death occurred in Shanghai Sept. 29 of Robert Roy Service, for more than 30 years actively engaged in Young Men's Christian Association Work in China. Mr. Service first came here in December 1905.

The late Mr. Service was born on June 12, 1879, a native California. In 1902 he was graduated B S. from the University of California in Berkeley. Upon graduation he become General Secretary of the Student Y.M.C.A. at Purdue University. After three years he was asked by Dr. John R. Mott to undertake service in the Y.M.C.A. in China, to which he came with his wife and infant daughter, arriving in December 1905. In 1912 the Y.M.C.A. was opened in Chengtu. Mr. Service was organizer, guide and chief supporter during its early years. It grew under his guidance to have a wide influence among students and educators, officials and gentry, business men and small shop keepers and their clerks. In Chengtu were born three sons: John S., now U.S. Vice-Consul of the United States in Yunnan, Robert R. now an engineer in Macao, and Richard, recently returned to Shanghai after graduating from Pomona College in California. The three sons with Mrs. Service are all in Shanghai at present.

From Chengtu the family moved to Chungking in 1921, where Mr. Service organized the second Y.M.C.A. in Szechuen. After it was well started he removed to Shanghai in 1924 to serve the national movement of the Y.M.C.A. While occupying this post he traveled extensively, making the needs of the smaller and more remote Y.M.C.A.s in China his special concern. He made frequent visits during this period to the Szechuen organizations, and for more than a year resided in Tsingtao as the National Secretary for the Shantung Region.

In 1934 the Y.M.C.A. released Mr. Service for a temporary period of service to the China International Famine Relief Commission as its Resident Director in Shanghai. Mr. Service identified himself not only with the Y.M.C.A. and with the Famine Relief Commission in Shanghai, but with a number of other organizations, including Community Church and Amity Lodge, of wnich he was a founder and officer.

Formosa Is Granted Economic Self-Government

The new law on local self-government was put into effect in Formosa Oct. 1. Gay celebrations throughout the island marked the event. The new regulations, which replace the law of 1920, emphasize economic self-government, reinforceed by reforms in taxation and local financial systems.

The main provision of the new law is that each province or city is to have an assembly, acting in executive capacity, while towns and villages retain their old councils, acting as advisory organs. The members of both types of councils will be elected by vote. Members of the provincial assemblies will be chosen by members of smaller governmental divisions.

Japanese male subjects, 25 years of age or more, who are independent economically, who have resided in their districts for more than six months, and who pay local taxes exceeding five yen a year are entitled to vote and be elected. The *Rengo* message from Taikoku giving this information does not make any mention that Chinese-Formosans are included in this provision.

The present grant of limited autonomy was decided upon by the Tokyo Diet last year, with an appropriation of Yen 195,000 included in the estimates of the Formosan Government-General for the necessary expenses.

Korea Celebrates Anniversary of Japanese Administration

The twenty-fifth anniversary of the Japanese administration of Korea was celebrated October 2. At Seoul more than 4,000 people attended a meeting in front of the Government-General offices, where Gen. Kazushige Ugaki, Governor-General, read the Imperial Rescript granted by the late Emperor Meiji. Among the notables who attended the meeting were: Gen. Kenkichi Ueda, Commander of the Korean Garrison; Lieut.-Gen. Koji Miyake, Commander of the 20th Division in Ryuzan; and Viscount Makoto Saito, former Governor-General. A group of 30 civilians who have rendered services to the smooth progress of administration were given special awards by Seitoku Imaida, Civil Administrator. More than 60,000 school children marched in a flag procession, while special services were conducted in the morning by the City Municipality in front of the Korean Shrine.

Japanese to Buy British Mine in Malaya

Negotiations for the purchase of the British-owned Tanagan iron mines in Kelantan, Malayan Peninsula, have been successfully concluded by the Japan Steel Tubing Co., a Yen 23,500,000 concern, A subsidiary firm, capitalized at Yen 1,000,000, will be formed early next year by the parent company to operate the mines.

CUSTOMS NOTI ICATION No. 1464

The public is hereby notified that in accordance with Government instructions the following clause has been added to § 2 of Rule I of the Import Tariff Provisional Rules:—

"In cases where *bona fide* invoices, including manufacturers' invoices, are not submitted at the time that an Import Application is handed in, and where the importer can advance no reason satisfactory to the Customs for not producing the required invoices, the importer shall automatically forfeit all right of protest against the amount of duty which may be assessed by the Customs on the goods in question."

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 26th September, 1935.

CUSTOMS NOTIFICATION No. 1465

The public is hereby notified that, in accordance with Government instructions, the following procedure governing movements of native cured tobacco and tobacco leaf will be adopted forthwith:

When importing, reimporting, exporting, re-exporting or transhipping native cured tobacco or tobacco leaf through the Shanghai Customs, merchants are first to hand in to the Consolidated Tax Bureau a yellow application in duplicate together with tax-paid or conveyance certificates, which will be checked and endorsed by the Bureau. The duplicate yellow application will be retained by the Bureau, and the original, together with the tax-paid or conveyance certificates, will then be handed in by the merchant to the Customs, accompanied by the usual Customs documents. After all Customs formalities have been complied with, and provided that the yellow application and other documents are in agreement with the cargo covered and bear the Bureau's endorsemet, the cargo will be released.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 28th September, 1935.

New Books of Interest in the Far East

A History of China's Railways

The Chinese Railways: A Historical Survey of the Development of Railway Construction by Cheng Lu (H. Lin Cheng) (China To-Day Series, No. 5.) Shanghai: China United Press. Price Chinese $6.

The author is well qulified to write on this subject, his former position of counsellor to the Ministry of Railways having given him a deep insight into the working of the railway systems in this country. He mentions in a preface that a survey of the international relations of China during the past four decades will reveal that they were dominated by the politics of railway concessions. Indeed, on several occasions a railway concession was the bone of contention which threatened to be the cause of serious quarrels among the Powers themselves. The author traces at least two important political movements in China directly to the question of railways —The Boxer Rebellion of 1900 and the Revolution of 1911. In this connection the author says:

"The people were greatly incensed by the successive humiliations suffered at the hands of foreign Powers. The numerous railway concessions wrested from the Chinese Government since the conclusion of the Sino-Japanese War intensified the growing apprehension of the patriotic Chinese lest the Powers might in no time reduce China to a colonial status. The Boxer Rebellion, rightly interpreted, was but a desperate effort to save China from the fate of India and Egypt. In 1911, when the Imperial Government decided to nationalize the trunk lines, the provincial leaders made the question of railways a rallying cause for open opposition to Manchu rule. As a result the Revolution broke out, and the Imperial Family was forced to abdicate in favor of Republican Government."

There had been friction, clashes and even wars between China and the Western powers previous to the building of the first railway, but the construction of the Shanghai-Woosung Line was the first actual physical factor that the general public understood and their resistance to the idea and actual working of the line was a good indication of the psychology of the public in those days against the progress of Modernism.

In successive chapters the author describes the scramble for concessions, recites the history of the various railway loans, enumerates the various railway lines, and discusses their administration. A specially interesting chaper is devoted to "Miscellaneous Railway Problems." The author comments that the Chinese Railways have suffered from maladies both internal and external. "At the very beginning corruption crept in and undermined the whole system of railway administration. Dishonesty, incompetency, and nepotism, which must be considered the distinguishing marks of Chinese officials in those days, were accentuated to an extent seldom equalled in other departments of the Government. While the men in charge of these enterprises often acquired fabulous fortunes, the railways were almost always on the verge of bankruptcy." Even in normal times, the demands of the military constituted a heavy drain on their resources. In 1932, for instance, the total operating revenue amounted to $137,400,147.40, out of which $8,350,878.62 was on account of military transporation, for which the railways received no cash payment. In addition to free military transportation, the railways in 1932 made to the military authorities a present of $5,508,500.00 in the way of subsidies. These two items make a total of $13,359,378.62, or more than 10 per cent of the total operating revenues of the year.

Included among the appendices is a record of the various treaties concluded between China and the Western Powers concerning the railways. A perusal of these interesting documents gives a deep insight into the methods utilized by the Powers to obtain a stranglehold over the economic life of this vast empire and its potential wealth. The fact that the Powers were not only disturbing, but were actually demolishing an economic structure that had been erected and finely balanced for many centuries, in nowise disconcerted them from pressing on the bewildered and helpless Chinese contracts and treaties for railway construction that stand as an indictment of the Powers and their methods.

Covering all facts in an historical narrative manner this book will be not only of interest but of real necessity to those whose business brings them in contact with this great transport system. Included with the book is a large map (in a separate folder) of the railways, airlines and highways of the country.

G. W. M.

Statistics of Chinese Railways for Year Ending 31 December, 1933

This latest edition of statistics concerning the National Railways is another mine of information. The range of the volume is broad indeed and every possible avenue of information has been investigated and analyzed and submitted for the benefit of the public, whether he be a business-man, bond-holder or a potential passenger.

An Expert Analyzes Wall Street Operations

Security Speculation, by John T. Flynn. New York: Harcourt, Brace and Company.

A realistic study of the American stock market has long been urgently needed. This work by John T. Flynn answers the requirements of economists and investors admirably. It is a book which describes the operations of the Stock Market in the United States with a wealth of detail which leaves one convinced and with an acuteness that makes one wary. Mr. Flynn has made a valuable analysis of what really goes on in Wall Street.

The author asserts that security speculation does not facilitate the flow of capital into industrial enterprises. Generally speaking, new capital is placed at the disposal of enterprises through the purchase of stock and after that the security is listed on the exchanges. The sale of stocks on the exchanges therefore merely enables the original investors to transfer their certificates to other hands. These subsequent transfers ofter result in substantial gains to the original holders, but in no way increase the capital at the disposal of the company which originally issued the shares. The stock market seems to be of use principally for the purpose of shifting investments. It is not useful for securing of capital through new issues.

From the standpoint of the investor, Mr. Flynn thinks that the stock market is of questionable utility. It is by no means certain that speculators keep prices steady. Morover, by manipulation and the dissemination of false rumors stock prices are sometimes raised to unreasonable levels, at other times unduly depressed.

Such manipulations clearly do not establish a sound valuation for securities. Rather, in boom times, manipulation enables the professional speculator to unload stocks on to the unwary investor at excessive prices. In the long run, the ordinary investor in not benefitted by a market which inflates values and which makes them unstable.

Critics of Mr. Flynn's book will not be slow to point out that what he is criticizing is not the stock market as such but merely the abuse of opportunities by certain unscrupulous speculators. Defenders of the exchange will assert that it is alright and that the fault is with the men who play the market. There is force in this contention. But it in no way invalidates the author's claim that, under the rules as we have had them for the past few years there has been much activity in the stock market which looks suspiciously like gambling and gambling with loaded dice at that.

Security Speculation is a book which will interest investors.

WALTER B. SMITH.

A Diary of the Shanghai Pilot Service

The Log of the Shanghai Pilot Service, 1831-1932, by George Philip. Shanghai: Kwang Hsueh Press.

This is a unique volume. A land lubber would call it a diary, but a seaman naturally terms it a "log." It starts in 1831, when the first foreign trading vessel came to Shanghai until the end of 1932, when the author retired.

It is compiled from official and reliable sources and thus forms an authentic history of the Shanghai Pilot Service. It shows the gradual but by no means uninterrupted building up (as "G. E. M." states in a preface) of one of the largest and most efficient pilot organizations in the world. That a body of men of such diverse, nationalities, American, British, Chinese, Danish, French, German, Italian, Japanese, Norwegian, and Swedish, should have been able to work together and bring into existence a disciplined and reliable pilot service under the extraordinarily difficult conditions that have prevailed in China during the last hundred years, provides a magnificent example of toleration, courge, and devotion to duty. The author pays a tribute to the men who did the actual work of piloting; to their successive managers who piloted the Shanghai Licensed Pilots Association and its predecessors safely though the political and economic storms that so often threatened its existence, and to the officials of the Chinese and foreign governments, in particular the members of the Chinese Maritime Customs, who cooperated in building up an efficient service. "From the days when tiny privately owned pilot schooners plying for hire far out at sea waited for the sea clippers, to the present time, when pilots wait their turn on the station in a comfortable steamship built and equipped for the purpose, the pilot has always been able and willing, not only to do his job of work, but also to render ready assistance to the ship in distress," says G.E.M.

The volume comprises an interesting narrative of 194 pages, amply illustrated. An interesting entry concerns the "undeclared war" of 1932.

Books on Mexico Listed in Brochure

The Central News Co. of Mexico City distributed in Shanghai this week copies of a 48-page brochure entitled "What to Read About Mexico," in which are listed books both in the English and Spanish languages.

Teachings from the Gita

Teachings from the Bhagawadgita. Translation, Introduction and Comments by Hari Prasad Shastri. D. Litt. Luzac and Co., 46 Great Russell St., London, W. C. 1., 1935. 80 pages, paper cover. 2 shillings.

Many in Shanghai will remember the author of this book, who lived in Shanghai for a number of years. The book which comes from him from London is a new translation of the Indian religious-philosophical classic which is known to many English and American readers under the name of The Song Celestial, in the translation of Sir Edwin Arnold. Mr. Shastri's comments accompany the text of the translation, separated from it by parentheses. One has the impression that the translation is rather free, but this is not mentioned as a fault since the Western reader who knows no Sanskrit needs most that the Indian thought be conveyed to him in language that carries for him a large content of meaning. This merit can be ascribed to Mr. Shastri's work.

The Gita, to give it its shorter name, represents the highest spiritual and ethical expression of ancient India. Embodied, also, in the popular ancient epic, the Mahabharata, it has had a message not only for the pundit but for all Indians of all classes. The reviewer, on a visit to the home of Mahatma Gandhi in Ahmedabad, had occasion to note two books side by side on a shelf of books: one was a copy of the Bhagavadgita (I follow the more common spelling), the other the New Testament. There is good reason for such a juxtaposition. There is a personal, devotional quality found in the Gita, quite in contrast to the intellectual detachment that makes the teaching of the Upanishads profound but unrelated to life. The message of the Gita is that realization for every individual can come through devotion of heart and through action —a message appealing and understandable to the Westerner—as well as through mystical contemplation. Let one plunge into action, says the Gita, but knowing that he himself is not the doer. The selflessness here taught is surely that which is at the heart of all vital religion. Even here, as in all other ancient Indian philosophy, the note of progress, which found expression in Persia in the teachings of Zoroaster, is absent. But nowhere outside of the New Testament does one find a truer mingling of religious and ethical thought and feeling than in such a passage as this:

> "Dear to God is he who is free from all malevolence, who is friendly towards all, who is free from the idea of 'me and mine' and from egoism; who is even minded in suffering and joy; who is ever-forgoving, ever-contented, self-controlled, steady in contemplation, firm in his convictions (spiritual and moral) with mind and intellect fixed on God and is thus ever devoted to Him."

D. R.

Russian Professor Discusses Problems of the East and the West

"East and West—Past and Present" is the English title of a book published in Russian by Prof. M. N. Ershoff, formerly of Kazan Government University and the Harbin Polytechic Institute. The book is published by "Naooka," Harbin. The author discusses present-day technical progress as a constituent factor in the binding of nations. He goes back to the time of Greece and traces the relations between East and West in the intervening years. He also shows how the conflict between the old and new cultures is influencing the present-day life of the people both in China and Japan.

Ningshu Agricultural Relief Association Closes Granaries

Co-operating with the agricultural agencies of the Ministry of Industries, the Ningshu Agricultural Relief Association has just finished closing the 145 agricultural granaries organized last fall for helping the hard-pressed farmers in the Ching Hwai region. These granaries were established with the purpose of giving short-term loans to the farmers so that they could have the necessary cash for the purchase of seeds and fertilizer for their winter planting; and the farmers could use these granaries for depositing their rice as security for such loans. During the past 12 months, 1,681 families made use of these granaries.

Japanese Protest Against Drug Control Regulations

According to a recent decision adopted by the National Government the regulations governing the control of drugs, which were promulgated five years ago, will be put into effect shortly. Japanese circles (according to the Shanghai *Nichi Nichi*) regard this step as new proof of the resumption of anti-Japanese activities on the part of the Chinese authorities. According to the regulations, drugs sold in the country, are to be subjected to an examination by the Department of Public Health. It is predicted that the Japanese Embassy will lodge a serious protest with the Nanking authorities against the regulations, which are not be applied to foreign interests, according to the Japanese.

NOW ON SALE

China Year Book

1935 EDITION

The 25 Chapters of the 17th issue of the CHINA YEAR BOOK, edited by H. G. W. Woodhead, C.B.E., have as usual been revised or rewritten with the assistance of many experts, Chinese and foreign, and every effort has been made to bring information and statistics up to date.

The Chapter on the Kuomintang covers the political history of China in 1934. The Chapter on the Chinese Government contains the Text of the Provisional Constitution, the Organic Law, and the Draft of the Permanent Constitution.

The Chapter on International Issues gives the text of the Agreement and Exchange of Notes of the sale of the Chinese-Eastern Railway, besides the latest documents relating to Sino-Japanese issues.

China's Communications—Railways, Roads, Post Office, Telegraphs, Wireless, Telephones and Aviation—are very fully dealt with.

Father D'Elia, in the Chapter on Religions, contributes an interesting Chronological Review of Catholic Missions in China.

Mr. E. Kann is again responsible for the Chapter on Currency and Banking, and the Loan Tables.

A new feature is a Chapter on China's Modern Industries.

Price: $18 (Postage in China 30 cents extra)

Printers and Publishers:

NORTH-CHINA DAILY NEWS & HERALD, LIMITED

17 The Bund, Shanghai.

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Currency Depreciation in Chungking

BY S. M. CHEN

GENERALISSIMO Chiang Kai-shek recently proclaimed an order through his headquarters to the effect that all notes issued by the Local Bank of Szechuen be redeemed at 20% under par value. The Central Bank of China, Chungking Branch, will exchange them for its Shanghai notes at eighty cents for a dollar. Notes not redeemed before Nov. 20 will be valueless It will be recalled that the Local Bank of Szechuen, first formally commenced operations in the beginning of Chegntu 1934, having been organized with the full support of the 21st Army at a time when General Liu Hsiang, the then commander-in-chief, was threatened by the communist menace outside, and a situation of financial crisis from within The bank thus established was originally and solely to issue notes and incidentally to relieve his burden According to an official investigation conducted by the Central Bank, the Local Bank has issued somewhere above $30,000,000 in notes, whereas the cash reserve which the bank has under its control is only $3,000,000, thus giving a rough guarantee of one 10-dollar note to one dollar in silver Since then paper money has been current throughout the whole province as standard, all transactions having been carried on in terms of it

Up to now the representatives elected from the Chamber of Commerce, the hardware, drugs and medicine guilds of Chungking, etc are still in Chengtu appealing to Gen. Chiang to reconsider his order, as it would be too detrimental to the business man

We consider that Gen Chiang is fully justified in having the notes called in, we feel that otherwise, sooner or later, these notes would turn out to be mere paper scraps without value To have them discounted is better than to have them worth nothing The 21st Army will be glad to see the difficulty removed also It must be borne in mind that although the notes were issued by the Local Bank of Szechuen, bearing its name in full, it is the finance division of the Army that is being held responsible for the cash exchange The Local Bank authorities refused to pay on the ground that they only sent out a small fraction of the total $30,000,000, which they had already cashed, while the balance, they claimed, was taken out directly by the army without their approval On the other hand, the army had got what it aimed at, *i e* to use the unchangeable notes to tide over a difficult time Since that end has been accomplished, it remains rather indifferent on the point of who will take the responsibility to redeem them So, the only party which is left unhappy is the majority of the people who held these notes, particularly the middle-lower class, whose losses in this respect have, in many instances, been most pitiable While we extend our sympathy to these sufferers, we are still of the opinion that it is better to have the paper money as it is now, rather than to have it concentrated on any single party, apparently due to the tremendous loss involved.

Influence of Central Government Will Be Strong

With this late step taken, as one foreign observer remarked, the influence of the Central government in this province hereafter will be stronger, and the economic effect must be far-reaching. There is already a marked drop in the exchange rate between Chungking and Shanghai. The difference being so effected is more than $1 00 per thousand. In fact from the standpoint of a consumer, we should welcome the new standard currency, which is the Shanghai notes of the Central Bank, because the relative price of any merchandise will be much cheaper We have been, so far, blaming the high exchange and the surtax maintained by the 21st army as a barrier to consumption, we have long been compelled to buy an insignificant article at very unreasonable price So, here at last the day has come when we may enjoy economy to the best possible extent. A word of warning should, however, be given to our local manufacturers and leading business men Unless they keep their eyes open, so to speak, they will encounter a harder time This is inferred from the fact that with the removal of the exchange and the diminution of the tax, lots of Shanghai-made goods will be sent up so that it will result in what is called "dumping." The native factories, being technically inefficient and mostly inadequately equipped, evidently cannot compete with the invading rival, especially when the depression in Shanghai is still keen and the Shanghai manufacturers can't have any other similar way out elsewhere.

A Five-Day Strike as a Protest

All Chungking merchants observed a five-day strike as a protest against the devaluation of the former paper money, while the provincial government is preparing to wind up the affairs of the Local Bank pending the formation of a new bank known as the Provincial Bank.

St. Paul's College, Chungking, Sept. 26, 1935.

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Sian-Chengtu Air Line Is Inaugurated with Junkers Plane

Marking the inauguration of the Sian-Chengtu Air Line of the Eurasia Aviation Corporation, the huge Junkers airplane, Ju 52/3m, which took off from Sian, provincial capital of Shensi, on the morning of Sept 28 arrived at the Capital in the afternoon, via Chengtu, provincial capital of Szechuan Regular air service between Shanghai, Nanking, Chengtu and Sian will henceforth be maintained by this giant plane

Ford Plane Placed in Service on Shanghai-Hankow Line

The huge Ford passenger plane newly acquired by the China National Aviation Corporation was placed in service on the Company's Shanghai-Hankow line as October 1 This Ford plane replaces the former amphibian plane—which will fly between Hankow and Chengtu

C.N.AC. to Construct Station in Fukien

The request of the China National Aviation Corporation to lease a piece of land along the Foochow-Mamoi Highway, near the coast, for the construction of a small station for its Shanghai-Canton Airway has been granted by the Fukien Provincial Department of Reconstruction The lease will be for a period of ten years

British Diplomat Makes Record Air Trip from Peiping to Shanghai

Harold F Farquhar and Senor F Bieler, the British and Mexican aviators, took off in their Beechcraft cabin plane early Sept 30 from Lunghwa (Shanghai) airdrome, bound for London They arrived in Shanghai last Friday after leaving Mexico City on August 20 They established a new record between Peiping and Shanghai, the last eastward lap of their journey, covering the distance in 3 hr 32 min The two airmen, after reaching Singapore by way of Hongkong and Hanoi, propose to follow the regular Imperial Airways route to England, where Mr Farquhar, formerly First Secretary of the British Legation in Mexico City, will join his family Later, Mr Farquhar will proceed to Helsingfors to take up his new duties

Four New Airlines to Be Opened in Manchuria

Four new air routes will be inaugurated by the Manchuria Aviation Company between October 10 next and March 1, 1936, the Japanese Kwantung Army announced in Changchun, Sept 27 The projected lines will link Changchun with Tsitsihar, via Taonan, with flights on Thursdays and Saturdays, Tsitsihar with Daheiho, on the Amur River, operating on Wednesdays and Sundays, Mukden and Tungho, with flights on Wednesdays, and finally the Changchun-Seishin line, via Kirin, Yenchi and Lungchingtsun The last route, linking Manchukuo with Korea, will have flights twice a week, Tuesdays and Saturdays.

Pan-American Airways Gets Franchise to Land in Philippines

The Philippines Senate Sept 27 passed a bill granting to Pan-American Airways, Inc, a 25-year franchise to operate an air mail and passenger service to and from the Philippines in connection with the San Francisco-China line The Legislature also approved the measure

Korean Aviatrix to Make Circuit Flight

Following the air trails blazed by Yong Uck Shin, the only first-class aviator in Korea, Miss Teiki Yi, 27-year-old Chosenese aviatrix, announced Sept 30 her plan for a circuit flight linking Korea, Japan, Manchukuo and China Miss Yi is now receiving training at the Japan Aviation School in Tokyo

British Airman's Plane Crashes in North Africa

The second attempt of T Campbell Black, noted British airman, to break the record for a flight from London to Capetown and return, ended abruptly when the D H Comet monoplane which he was flying crashed 130 miles north of Khartoum Sept. 22

Pan-American Airways Plans Weekly Service to New Zealand

Pan-American Airways Sept 25 requested the permission of the New Zealand Government to institute a weekly air service between San Francisco and Auckland According to present plans, planes will call at Honolulu, Kingman Reef and Pago Pago on the south coast of Tutuila, in the Samoan Islands, and the journey is to occupy three days

Fire at Eurasia's Canton Station

The Eurasia Aviation Corporation sent a telegram to the Canton Bureau of Public Safety beginning of this week asking for a thorough investigation into the cause of a fire which burned down two houses at the firm's Canton station It was reported that all the important documents and equipment, including a wireless set, had been saved and that the damage was light

Chinese Air Mission Arrives in Italy

The Chinese air mission to study Italian aviation arrived in Brindisi, Sept 30 from Shanghai